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PUBLISHED IN LONDON AND FRANKFURT

No. 28,709

Thursday February 25 1982

\*\*\*30p

KIVETON... BRIGHT FREE MACHINING STEEL FOR FORGING, UPSETTING & EXTRUSION FROM KIVETON PARK

NEWS SUMMARY

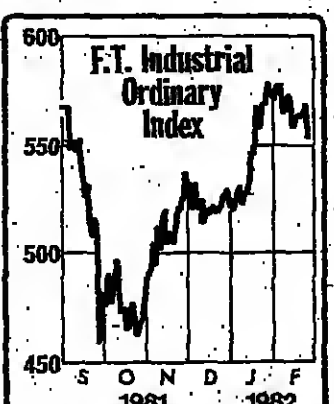
GENERAL BUSINESS

Reagan launches 'anti-left' aid plan

President Ronald Reagan yesterday formally launched his aid, trade and investment plan for the Caribbean basin.

Equities off 6.4; Sterling weakens

EQUITIES were unsettled by early sales of leading shares. The FT 30-share index fell 6.4 to 522.6. Page 36



Scrubs errors

Errors of judgment by key management personnel aggravated the defective handling of 1979's disturbances in Wormwood Scrubs, according to a Home Office report.

Beirut hijack

Gunmen seized a Kuwaiti Airways jet with between 150 and 165 on board at Beirut airport.

Charron plea

Claude Charron, until Tuesday Parliamentary leader of Quebec's ruling Parti Quebecois, admitted trying to steal a coat.

Jail 'torture'

Turkish prisoners told journalists of "moral and physical repression" in the country's jails. Page 2

'Quit EEC' vote

Greenland voted to withdraw from the EEC in a consultative referendum. Page 2

Fare battle

Transport Secretary David Howell attacked Labour leaders of the Greater London Council for persistent attempts to challenge the Law Lords' ruling outlawing cheap fares. Page 11

Fuel tank probe

The Prime Minister has asked the Transport Secretary to hold an inquiry into planning controls over floating structures used to store fuel. Page 11

UK smoking up

Cigarette consumption in the UK went up by 49.4 per cent between 1970 and 1980. It rose by 23 per cent in the EEC as a whole. EEC tries to lower prices. Page 2

Milk for schools

Milk consumption in UK schools is expected to rise by between a third and a half this year due to EEC subsidies. Page 5

Crime chief 'stunt'

Exeter University students kidnapped Devon and Cornwall's head of crime prevention in a rag week stunt. Page 26

Boycott inquiry

Yorkshire County Cricket Club launched an investigation into the leak of information about the future of batsman Geoff Boycott. Page 24

'Plot' warning

Staff leaking the plot of The Archers could face the sack, BBC Radio warned. Page 24

Oleo-alchemy

A Manchester University conversion plant is transforming the city's refuse into high quality crude oil. Back Page

Briefly...

Atress Gayle Hammett gave birth to a boy in London. France's first test-tube baby, a girl, was born near Paris. Page 24

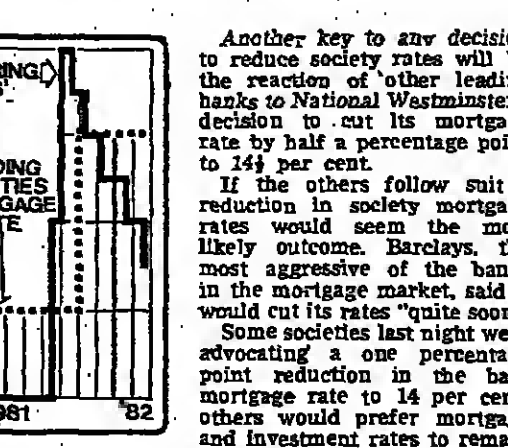
CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

Banks cut base rates to 13 1/2%: NatWest mortgages cheaper

BY WILLIAM HALL AND ANDREW TAYLOR

BRITAIN'S BANKS cut the cost of overdrafts yesterday by reducing their base rates by a half percentage point to 13 1/2 per cent, and National Westminster Bank cut its home mortgage rate.



The moves came as a surprise to the City, and are likely to increase pressures on the building societies to cut their mortgage rate. Building society chiefs are next due to consider interest rates at a meeting in London on March 12, three days after the Budget.

Another key to any decision to reduce society rates will be the reaction of other leading banks to National Westminster's decision to cut its mortgage rate by half a percentage point to 14 1/2 per cent.

Reducing jobless 'should be given priority'

BY MAX WILKINSON, ECONOMIC CORRESPONDENT

NEXT MONTH'S Budget should concentrate on measures to reduce unemployment, even at the expense of the long-term fight against inflation. This was urged yesterday by the National Institute of Economic and Social Research, one of the leading independent forecasting agencies.

It needs to be borne in mind that the risk of inflation would be present irrespective of the source of the recovery," the institute says.

Hoover UK loses £31m in year

BY JASON CRISP

THE TROUBLED British subsidiary of Hoover, the U.S. domestic appliance manufacturer, made a pre-tax loss of £31m in 1981 on sales which fell slightly to £201m. The loss included redundancy payments of £13.5m. Hoover is cutting its UK workforce from over 10,000 to 6,000.

and a number of new products will lead to recovery. It is about Group sales for Hoover were £201m in 1981 compared with £206.7m the previous year. It made a trading loss of £9.1m in 1981 compared with a profit of £2.7m in 1980.

Building society to offer cash card and chequebook

By Alan Friedman

THE LEICESTER Building Society will offer a wide range of banking and financial services from May 1, including a cheque book account which would pay interest when the account is in credit.

The society, which is the UK's ninth largest in terms of assets, is teaming with Citibank Savings, the British subsidiary of Citicorp, the U.S. banking group, to offer personal loans, travellers' cheques and the Diners Club charge card.

South African Nationalists split on Botha

BY BERNARD SIMON AND J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA'S ruling National Party was faced yesterday with its deepest split after 34 years in power when 23 ultra-conservative members of the party's parliamentary caucus refused to support a motion of confidence in Mr P. W. Botha, the Prime Minister.

Mr Botha said after the meeting which was called yesterday that he was pleased to discuss changes in the South African constitution. Mr Botha and his supporters have quietly suggested recently that the country's coloured (mixed race) and Indian populations may be allowed limited participation with whites in the central government.

North Atlantic air fares raised by up to 20%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FARES on UK-U.S. routes will rise by amounts averaging between 15 and 20 per cent from March 1, with further rises of about 8 per cent from May 1. The Civil Aviation Authority said yesterday that it had approved airlines' requests for such rises to meet soaring costs.

Member airlines of the International Air Transport Association decided to seek the rises at their meeting in Miami earlier this year. It is expected that all airlines serving the UK-U.S., including British Airways, Pan American and Trans World Airlines will apply the rises.

Table showing exchange rates for £ in New York, Feb. 23, and previous.

Typewriter or word processor? It depends on how much you need to remember. Olivetti advertisement featuring an elephant and a typewriter.

CONTENTS table listing various articles and their page numbers.



EUROPEAN NEWS

# ENI chairman rejects state request to resign

BY JAMES SUXTON IN ROME

SIG ALBERTO GRANDI, the chairman of the Italian state energy concern ENI, has refused to accept the Government's request last week that he resign.

He has asked to be allowed to state his position to a committee of both Houses of Parliament.

His decision to stand firm could create more difficulties for the Government of Sig Giovanni Spadolini, the future of which is to be reviewed at a meeting of the five coalition partners today.

Last week Sig Grandi, who has completed less than two years of his three-year term at the head of Italy's best known state company, was asked for his resignation, along with that of the whole five-o-a-o supervisory board, by Sig Gianni De Michelis, the Minister of State Shareholdings. He was told that the Government wanted to appoint new men when a new system to govern the state's relationship with ENI comes into force.

However, it has barely been disguised that the true reason for the request is the desire of the Socialist Party, part of the governing coalition, to replace Sig Grandi, who is a Christian Democrat with a Socialist in order to achieve a fair balance of the division of state sector jobs between the main govern-

ing parties. The Christian Democrat secretary, Sig Flaminio Piccoli, is in accord with the Socialists on this.

Sig Grandi has asked the joint parliamentary committee on industry to bear his case following claims by a leading Socialist economist that he had committed "grave errors of management." This is the first time that the question of Sig Grandi's competence has been raised in the present row.

Today's important meeting between Sig Spadolini and the secretaries of the four other parties is an attempt to settle growing differences between them.

The original issue was between the Christian Democrats and the Socialists over El Salvador. That, however, has been partially smoothed over and instead the Socialist offensive has chosen a new target in the form of the economy.

Last weekend the Socialist Party newspaper Avanti published a strong attack on the continuing tight monetary policy supposedly written by Sig Bettino Craxi, the party secretary. It argued that the policy, which has had some effect in reducing inflation and the balance of payments deficit, was unnecessarily prolonging the recession and creating unemployment. But Sig Nino Andreatta, the Christian Democrat Treasury Minister, believes the policy should continue.

# Greenland votes to withdraw from EEC

By Hilary Barnes in Copenhagen

GREENLAND voted by 12,615 votes to 11,180 votes in Tuesday's consultative referendum to withdraw from the European Economic Community, becoming the first people to express a wish to opt out of the EEC.

Mr Jonathan Motzfeldt, leader of the Greenland home rule Government, flew to Copenhagen to ask the Danish Government to initiate withdrawal negotiations on Greenland's behalf.

These negotiations are expected to be dominated by Greenland's wish for continued free access to EEC markets for fish and fish products, and the right of EEC fishing vessels to continue to fish in Greenland's waters.

If everything goes according to plan, Greenland will cease to be a member of the EEC from January 1 1984. But as a part of the Kingdom of Denmark it will automatically continue to participate in the Community's political affairs as foreign and defence policy do not come under the home rule Government.

The 52 per cent vote against continued membership may, however, complicate withdrawal negotiations.

Mr Lars Chemnitz, leader of the pro-EEC Atassut Party, said during the campaign that Greenland should not withdraw unless the vote gave a decisive margin for withdrawal, or a minimum 55 per cent.

If the party wins the 1983 elections to the Greenland legislature, it may decide to halt withdrawal negotiations.

Mr Anker Joergensen, the Danish Prime Minister, said he was disappointed by the referendum results but would help the Greenlanders to fulfil their wish to leave the EEC.

Mr Poul Dalsager, Denmark's EEC Commissioner, said he could see no objection to Greenland leaving. "We shall save some money which we can use elsewhere."

Reuter adds from Brussels: EEC officials said yesterday that Greenland's departure from the organisation could set a dangerous precedent. They said the referendum vote was worrying as Greece's Socialist Government had expressed misgivings with the Community and Britain's Labour Party was also talking of leaving.

Fishing impact, Page 35

# Torture allegations from Turkish prisoners

BY METIN MUNIR IN ANKARA

FIVE PRISONERS squatted by the wall in the small prison yard at the Mamak military jail in Ankara. It was the first sunny day for months, but they did not seem to be enjoying it.

About 60 other prisoners jogged round the yard in military formation.

The five prisoners—men in their twenties with shorn hair and pallid complexions—remained outside the formation so that the group of Turkish journalists invited to inspect the jail could take their photographs.

The invitation, not extended to foreign correspondents, was part of the military's campaign to refute allegations made by the London-based human rights

group Amnesty International. They broke my back. For a long time I could not walk. I have seen a lot of my friends being tortured. There are reports, medical reports."

Mr Mitap is alleged to be a leading member of Dev Sol, one of the most active and violent terror groups which plagued Turkey before the military takeover.

Mr Melih Pakdemir, also allegedly a senior member of Dev Sol, said: "What we want is to be treated like human beings and to be given an opportunity to prepare our defence. Torture is something relative. It is true that there is repression in jail. We are grinded for between 12 and 14 hours every day. Everything here is done by command. If anybody disobeys a command—moves even slightly—he is clubbed by the nearest soldier. One can also be taken to the cage and beaten there."

A journalist asked Mr Pakdemir whether he had been subjected to such treatment. "There is no one who hasn't," he replied. "I too."

Had he a message for Amnesty International? "Yes. There is moral and physical repression. At this moment."

Mr Oguzhan Muftuglu and Mr Ali Baspinar, also alleged members of Dev Sol, refused to speak on torture allegations. The fifth detainee collapsed and started whimpering before the interview, which took place on Tuesday. He was Mr Ulvi Oguz, an alleged member of the outlawed Communist Party of Turkey.

Colonel Raci Tetik, the prison director, who accompanied the journalists, said: "He is putting on a show." A correspondent said he wanted a doctor's opinion. The Colonel had the prison doctor fetched who said that Mr Oguz was suffering from "nervous collapse." He said this was common in Mamak.

Talking to correspondents afterwards, Col Tetik said: "This is a prison run by the army of Mustafa Kemal (Ataturk, the founder of modern Turkey). Absolutely nothing is done here to hurt human rights."

# Cockerill-Sambre steel giant becomes political powder keg, writes Giles Merritt in Brussels

## Belgian industrial crucible nears boiling point

BELGIUM WAS a crucible of the industrial revolution in Europe, so it is scarcely surprising that its steel industry should not only be disproportionately large, but also of crucial importance to the future of the EEC steel industry as a whole.

Belgian industry only consumes some 20 per cent of a domestic steel output running at 12.3m tonnes a year—which compares handsomely with the UK's production of about 15m tonnes. The country is also under heavy pressure from other EEC states to make reductions to help ease the Community's critical overcapacity in steel.

To make matters worse, the Belgians are widely regarded as super-subsidisers of their steel industry, and therefore accused of using taxpayers' money to safeguard their large shares of other EEC countries' steel markets. To top it all, they are also under investigation by the European Commission for alleged breaches of the EEC steel regime's rules governing prices and output. In several instances, Belgian steelmakers have failed to notify Brussels of cash grants and investments which will swell their production capacity.

The crisis now surrounding Belgian steel is perhaps best illustrated, though, by the militant scenes which recently shattered the staid dignity of the Commission's Berlaymont building in Brussels. Charabanc convoys filled with irate steel-

workers from Liege and Charleroi converged on the Commission and a handful of the 5,000 odd protestors invaded the building in defiance of a cordon of armed riot police to express their grievances over 5,000 prospective job losses.

By unhappy coincidence, the object of their fury was Viscount Etienne Davignon, Belgium's own EEC Commissioner, who for the last five years has held the industry portfolio and has been the author of successive plans aimed at restoring health to the steel industry. His restructuring programme for the Community's steel industries, which is directed at plant closures and pruning payrolls, is being blamed by many of the Belgian steelmen for the job losses now beginning to loom.

Mr Davignon's return at the end of last week was that without his anti-crisis disciplines, Belgian steel producers would now be considerably worse off. Had the EEC steel market collapsed under the pressures of over-production, the Belgian steelmakers' annual domestic sales would theoretically have been reduced to less than 1.5m tonnes, he argued.

At present, the Commission is involved in a wrangle over the unauthorised installation of a new hot rolling mill in Charleroi, but that row is just a new detail in a much more fundamental conflict.

Belgium's giant state-owned steel producer, Cockerill-Sambre, is now in the throes



which was created only last June and groups the rival steel towns of Liege and Charleroi, can be tackled Belgium must first settle its internal political differences over steel.

The preservation of jobs in the group has become a rallying cry for the Parti Socialiste which dominates Walloon politics, but has been excluded from the new Centre-Right coalition Government.

By the same token, the steelworkers' trades unions are holding out against wage cuts, which over a period of years would bring Cockerill-Sambre pay packets down to the same level as those paid by, say, Luxembourg's Arbed, from their present position of being some 25 per cent greater. The natural wastage and sackings of chronic absentees which would trim 5,000 jobs by the mid-1980s therefore remains frozen.

In crude terms, the situation of Cockerill-Sambre is that it has to date contrived to have its cake and eat it. It has maintained employment while receiving both EEC and Belgian subsidies intended to accelerate restructuring. It is a situation which nobody—EEC partners, the Belgian Government, the Commission and Cockerill-Sambre itself—considers tolerable for much longer.

# Portuguese abortion row

BY DIANA SMITH IN LISBON

A DRAFT BILL sponsored by the Communist Party calling for legal abortion has created a furore in predominantly Roman Catholic Portugal.

The matter is so controversial that it is affecting the threadbare fabric of the ruling alliance of Social Democrats, Christian Democrats and Monarchists.

It is understood that several Social Democrat deputies might support the Bill, even if it is sponsored by the Communist— as long as balloting is secret.

This would be totally unacceptable to the Christian

Democrat partners in the alliance and particularly damaging in a year when the coalition must face local elections.

Reaction to the proposals by the Catholic hierarchy has been particularly violent in the traditionally more Conservative North where the outspoken Archbishop of Braga appealed for women not to be turned into "living cemeteries" nor hospitals into "legalised slaughterhouses."

There are probably 200,000 illegal Portuguese abortions a year, made in unsanitary conditions, or self-inflicted.

This week a study by McKinsey consultants has disclosed that even if Cockerill-Sambre is streamlined along the lines proposed by a Nippon Steel team of experts, the group's losses will by 1985 still be running at the same debilitating BFR 7bn (£885.5m) a year chalked up in 1981. Furthermore, it has been estimated that the total cost of re-equipping and modernising Cockerill-Sambre, to make it truly competitive with other European steel producers, will amount to BFR 90bn over the next 10 years or so.

Before any of the structural defects of Cockerill-Sambre—

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.



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## CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1981

	US\$ 1,000	C\$ 1,000
<b>ASSETS</b>		
Cash, Central Bank, Government Bonds and Due from Banks	164,320	21,000,035
Credit Operations	1,103,978	141,088,381
Allowance for Possible Loan Losses	(13,034)	(1,665,739)
Other Assets	230,212	29,421,114
Fixed Assets and Leases of Equipment	57,669	7,370,099
	<u>1,543,145</u>	<u>197,213,890</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>LIABILITIES</b>		
Deposits and Acceptances	840,745	107,447,219
Funds Borrowed-Domestic	98,416	12,577,582
Funds Borrowed-Resolution 63	176,570	22,565,603
Funds Borrowed-Foreign	77,335	9,883,458
Other Liabilities	194,858	24,902,854
	<u>1,387,924</u>	<u>177,376,716</u>
MINORITY INTEREST EQUITY	2,222	283,942
<b>STOCKHOLDER'S EQUITY</b>		
Capital	28,951	3,700,000
Reserves	124,048	15,853,232
	<u>152,999</u>	<u>19,553,232</u>
	<u>1,543,145</u>	<u>197,213,890</u>

## CONSOLIDATED STATEMENT OF INCOME - YEAR ENDED DECEMBER 31, 1981

	US\$ 1,000	C\$ 1,000
Operating and Non-Operating Income	579,267	74,030,425
Operating and Non-Operating Expenses	(422,661)	(54,016,014)
Monetary Correction of Permanent Assets and Stockholder's Equity	(9,188)	(1,174,287)
Donation to Fundação Safra	(2,382)	(304,497)
Income before Income Tax	145,036	18,535,627
Income Tax Expense	(62,254)	(7,956,086)
Net Income	82,782	10,579,541
Net Income Appropriated to Minority Interests	201	25,673
Net Income Appropriated to Controlling Interests	82,581	10,553,868

Note: Exchange rate C\$ 127.80 per US\$ 1

Independent Auditors: Price Waterhouse

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### Giscard poised to make comeback

By David White in Paris

M VALÉRY GISCARD d'Estaing is poised for a modest return to the limelight of French political life in next month's national elections, 10 months after failing in his attempt to secure a second term as President of the Republic.

The 56-year-old ex-President chose the town hall in Chamalières, outside Clermont-Ferrand in the central Auvergne region, to make the official announcement of his candidature yesterday. It was here that he announced in 1974 that he was running for President.

The presence will add interest to the ballot, taking place in two stages on March 14 and 21, to determine half the seats in France's departmental assemblies. The election is traditionally based on local personalities. But it has gained importance this year because of the decentralisation law, which gives to the assembly presidents the executive powers that up to now have belonged to government-appointed prefects.

Mr Giscard is standing in one of 186 new cantons created by the Interior Ministry in what opposition politicians have called blatant gerrymandering.

In this case, the opposition candidate has a head start. Although he used to represent another canton in the local assembly, this was his parliamentary constituency from the outset of the Fifth Republic in 1958, and he was mayor of Chamalières before becoming President. In last year's elections, he polled 65 per cent.

To help him, the neo-Gaullist RPR, which played its part in his downfall, has said it will not put up a candidate, leaving the former head of state to fight a Socialist doctor and a Communist researcher.

After lying low for months, M Giscard's name has resurfaced in public statements and two recent interviews.

### EEC attempt to lower prices of some tobaccos

By John Wyles in Brussels

THE EUROPEAN Commission yesterday reaffirmed its aim of boosting competition between the multi-national tobacco companies to lower the price of some brands.

Mr Christopher Tugendhat, the EEC's Commissioner for taxation policy, said yesterday that the Commission was concerned only with the structure of tobacco taxes. Their levels would remain a matter for national governments.

Mr Tugendhat was presenting a report which the Commission has been required to produce by the European Parliament. In return, the Parliament is due to deliver an opinion on the Commission's June 1980 proposal for a third stage towards harmonisation of tobacco tax structures.

The Parliament is apparently dubious about the path the Commission has been following with two previous harmonisation measures in 1973 and 1978. These doubts are held even more strongly by the tobacco industry, which sees serious flaws in the Commission's attempt to establish a common ratio between so-called specific and ad valorem taxes.

Specific taxes, heavily favoured in Ireland, the UK, West Germany and Denmark, levy monetary amounts per cigarette or weight of raw tobacco. Ad valorem taxes are a percentage of the retail price. According to the Commission, specific taxes produce a narrow price range for cigarettes to the benefit of the more expensive brands, while ad valorem taxes broaden the price range to the disadvantage of the quality smoke.

Mr Tugendhat said yesterday that the effect of the Commission's proposals would be to increase competition by steering a middle course. This would give price advantages to such French brands as Camilloles and Citizans in the British, Irish and

West German markets, and on Anglo-American brands, such as Marlboro and Benson and Hedges in France and Italy. The Commission is aiming at a tax ratio of 20 per cent specific and 80 per cent ad valorem. Its June 1980 proposals are a staging post to this objective by setting a range for specific taxes of between 10 and 35 per cent of total tax.

The Commission's report rides out alternative approaches. Mr Tugendhat accused tobacco companies of wanting to minimise competition by maintaining specific taxes at not less than 40 per cent of the total. "Their attitudes are not far removed from the practice leading to the sale of cars in the home market at prices far higher than they charge abroad," he said.

The report shows that spending on tobacco in the UK as a percentage of total consumer spending dropped from 4.6 per cent to 3.3 per cent between 1970 and 1980. This was still the highest proportion in the EEC and compares with 2.5 per cent in the Netherlands and 1 per cent in France.



Christopher Tugendhat

### Jaruzelski urges end to rifts in party

By Christopher Bobinski in Warsaw

THE POLISH Communist party's first central committee meeting since the introduction of martial law was told yesterday that the time had come for an end to rifts in the party.

The warning came from General Wojciech Jaruzelski, the Polish leader.

He again defended the decision to introduce martial law and attacked the West for its stance on developments in Poland. According to summaries of the 68-page speech delivered to the meeting, which continues today.

Gen Jaruzelski, who is not only party leader but also head of the government and chairman of the military council, reiterated earlier pledges that martial law restrictions would be eased.

He appealed for unity in the country and repeated the well-known slogan used by the Solidarity underground: "The winter is over, but the spring will be ours." In answer, the general told the 300-member committee: "The spring won't either be yours or ours, it will be Polish and socialist."

He attacked the U.S. for putting pressure on its allies to strengthen sanctions and attacked the activities of Western radio stations.

He said that before the introduction of martial law events in Poland had been a "disaster" and a "hotbed of tension" and could have meant the end of peace in Europe.

He said there were prospects for an improvement in the economy, but he emphasised the negative effects of Western economic credit restrictions. The general repeated that trade unions must respect the Socialist state and the leading role of the party.

### Romania in debt talks with West

By Jonathan Carr in Bonn

ROMANIA IS to hold talks with eight Western banks in Frankfurt today as part of its effort to reschedule about \$1bn (£545m) of foreign debt.

The discussions follow contacts on the debt last month between Bucharest, the banks and the International Monetary Fund (IMF). They came amid signs of growing doubts about Romania's creditworthiness.

Last weekend it was announced in Washington that President Ronald Reagan would block a \$65m Government-backed loan to Romania. This followed advice from the U.S. Treasury that Bucharest would probably be unable to repay.

That step in turn followed the decision of the IMF to stop lending to Romania last

November, because of doubts about Bucharest's financial position and domestic economic policies.

In Bonn yesterday, a Government answer to a parliamentary question spoke of Western claims on Romania amounting to more than \$1bn at the end of 1981, and stressed that payment was presenting "major difficulties". The Government added that, apart from Romania and Poland, it had no evidence that a concrete lending risk existed with respect to other East European trading nations.

On Poland, the Government said West German credit guaranteed by the state and amounting to about DM 1.5bn (£33m) would fall due in the course of this year. It has already been revealed that the Finance

Minister has tucked away about DM 1bn in the 1982 budget to provide for this risk.

Bonn also revealed that total net East European indebtedness to West Germany in mid-1981—the latest date for which exact figures are available—amounted to DM 18.6bn. Of that sum, DM 11.8bn was domestic German bank credit. A further DM 1.7bn credit was provided by the foreign branches of West German banks. Figures for the lending of foreign subsidiaries of German banks to East Europe were not available.

Reuter adds: In a telex to leading Western banks, the Romanian Foreign Trade Bank stated: "A number of alternatives are under consideration for a restructuring

of Romania's convertible currency debt so as to facilitate the smooth operation of Romania's foreign currency budget with consequent benefit for all those engaged in foreign trade with Romania."

According to bankers, Romania is behind with up to \$1.2bn of payments due last year, of which about \$800m is in the form of supplier credits. They say repayments due this year on all foreign loans may total about \$1.8bn.

Yesterday's message from the Foreign Trade Bank did not mention figures, but said relevant information was "being prepared with the assistance of the IMF staff and is being made available to the group of banks."

Today's talks in Frankfurt are to be hosted by Deutsche Bank.

### Strauss aims to break coalition

By James Buchan in Bonn

HERR Franz Josef Strauss, the West German opposition leader from Bavaria, yesterday renewed his efforts to drive a wedge between the two parties of the ruling coalition Government.

At the traditional Ash Wednesday rally of his Christian Social Union Party at Passau, Herr Strauss reserved his venom for the Social Democrat Party, the major partner in the coalition.

This confirms the impression of recent weeks that the opposition is seeking to prise the Free Democrat Party away from its ally in a year when four regional elections could bring serious problems—if not collapse—for Chancellor Helmut Schmidt's coalition.

Herr Strauss's one-sided attack coincided with an editorial in his newspaper, the

Bayern Kurier, stating that a break-up of the coalition was now inevitable.

"It is now only a matter of fixing a date," the newspaper said.

The Ash Wednesday rally is traditionally an occasion for sore heads and intemperate language after the excesses of the pre-Lent carnival in Bavaria.

The SPD, according to Herr Strauss, was dismantling the economy and was a party of "crack-pots" failures and half-baked pseudo. As for the Chancellor, he had lost all credibility.

March 21. This is despite a major campaign by the SPD leaders to embarrass Herr Ernst Albrecht, the CDU Prime Minister in Hanover, over a regional unemployment rate which is the highest in West Germany.

In the Social Democrat-controlled city state of Hamburg, which goes to the polls in June, support for the SPD has been dwindling since the early 1970s. But it is in Hesse at the end of September that the coalition will have to fight not only for its own life but for the life of the Government in Bonn.

Should the CDU candidate in Hesse, Herr Alfred Dreger, secure an absolute majority, the opposition will then have a two-thirds majority in the Bundestag or Upper House in Bonn and the ability to block all legislation.

### Military drill for teenagers in E. Germany

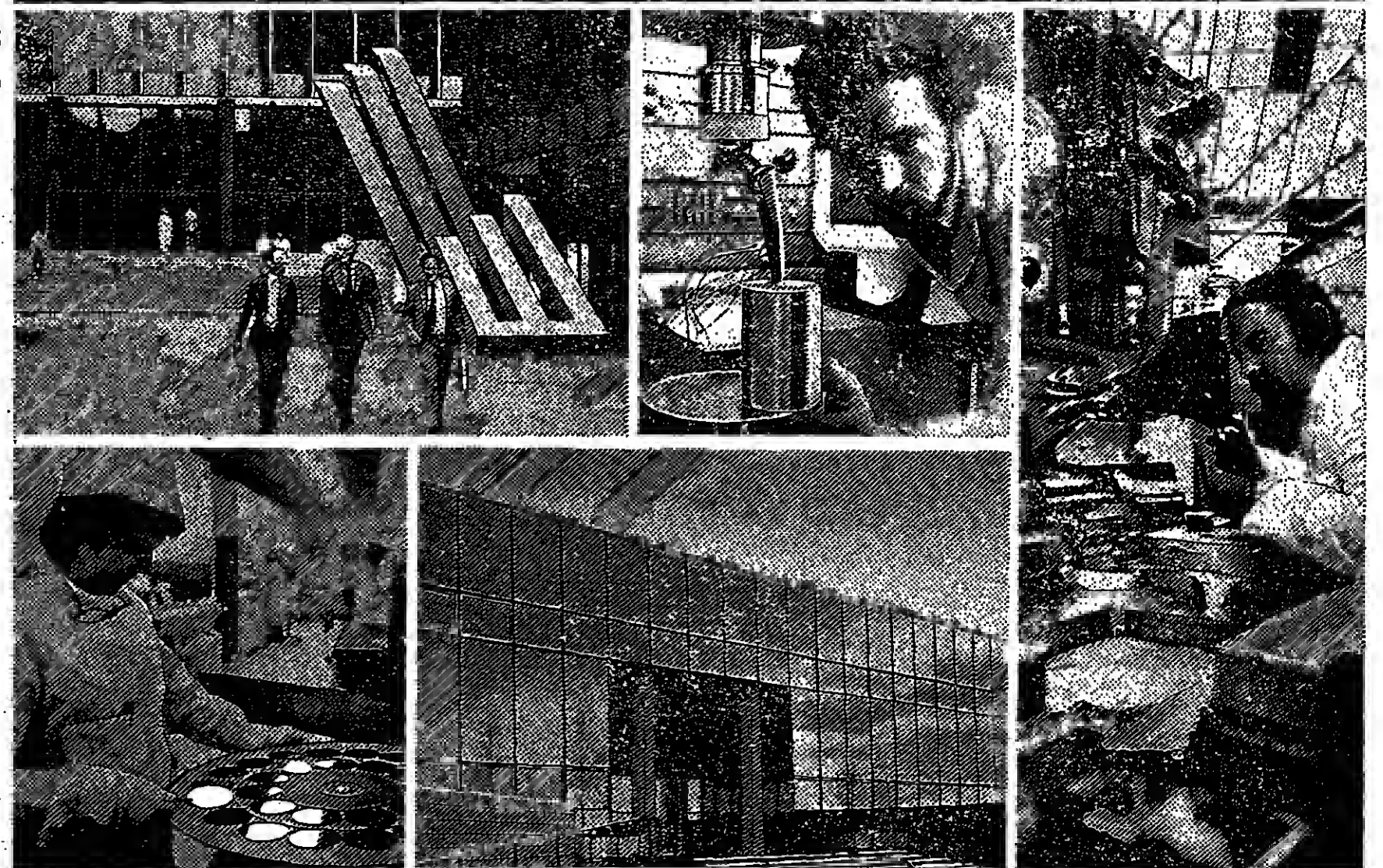
By Leslie Collett in East Berlin

EAST GERMANY has begun a week of intense military instruction for children and teenagers in an attempt to combat the growing attraction of the peace movement.

East German children are taking part in para-military exercises of the Young Pioneer Organisation, while the Free German Youth Movement is staging military preparedness meetings throughout the country. The theme of the massive attempt to instil pride in the armed forces is "peace must be defended—peace must be earned."

The campaign follows an appeal by the loosely organised East German peace movement for the removal of nuclear weapons from both East and West Germany.

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OVERSEAS NEWS

Zaire faces crisis over foreign debts

BY MICHAEL HOLMAN

ZAIRES economic crisis as a result of its inability to meet the performance criteria of the SDR 91.2m (£560m) three-year International Monetary Fund programme agreed last June.

Despite rescheduling of part of the country's \$4.5bn external debt in July last year at the Paris Club meeting of western Government creditors, arrears by the end of 1981 reached \$120m, western bankers say. It is also certain that Zaire will be unable to meet all its contractual debt service during 1982.

In addition to the \$120m arrears, debt service commitments this year are around \$350m but only \$200-250m is likely to be available because of lower than forecast export receipts.

Zaire, which has drawn SDR 175m under the agreement cannot make further drawings because it is unable to meet the IMF's performance criteria. SDR 100m and SDR 65m were originally due at the end of September and December respectively.

"An enormous crisis is looming," one banker said. The IMF programme—its second largest in Africa—was the key component of a three-part package involving the World Bank chaired consultative group and the Paris Club which was arranged in June and July last year.

The package assumed that export receipts—Zaire is the world's largest producer of cobalt and industrial diamonds, and seventh largest producer of copper—would exceed \$1.9bn in

1981. Actual receipts last year are put at \$1.5bn due to the lower than expected prices for the three minerals which account for over 60 per cent of export earnings.

Despite arrears in payments on debt servicing last year, external commitments consumed 27 per cent of Zaire's export receipts. One consequence is that industry, already operating below half its capacity, remains short of spare parts and equipment.

"A radical solution to Zaire's debt problem is now needed," one banker said yesterday. "Involving all the creditors including the banks themselves." But this is likely to involve the issue which creditors have so far resisted—rescheduling of already rescheduled debts.

This now seems inevitable. Over \$300m of the \$530m due in debt payment this year involve previous Paris Club reschedulings. In addition, nearly \$100m is due to uninsured bank and commercial creditors, most of which is the result of reschedulings which have taken place since 1980.

Representatives of Zaire's central bank have been explaining their country's predicament to creditors. Limited short term relief may be in sight. Zaire has applied for assistance under the IMF Compensatory Financing Facility, and this could exceed \$100m.

President Mobutu's Government is also seeking to reassure creditors that the marketing of copper and cobalt by Sozacom, the state owned agency whose performance has been criticised, will come under closer scrutiny.

Emergency aid for Sudan

WASHINGTON—The U.S. and a number of European, Asian and Middle Eastern countries have put together a massive emergency financial aid package for Sudan to help it overcome severe economic problems, monetary sources said yesterday. They said the International Monetary Fund will shortly

announce its approval of a \$225m short term loan for Sudan and noted that a number of countries have put together an additional \$350m to \$400m in bilateral assistance.

The sources declined to specify what countries, beyond the U.S. and Saudi Arabia, were involved in the programme. Reuters

Autonomy gulf yawns in Cairo talks

BY ANTHONY McDERMOTT IN CAIRO

EGYPT and Israel are clearly as far apart as ever on the basic issues of Palestinian autonomy after talks between Mr Yitzhak Shamir, Israel's Foreign Minister, who arrived in Cairo on Monday, and Mr Kamal Hassan Ali, his Egyptian counterpart.

Mr Ali said yesterday: "There are differences in views between us in connection with several vital subjects concerning the final settlement of the Middle East problem as a result of the different interpretations of what was agreed upon at Camp David."

Two issues have become contentious. One is long-standing and the other has become pressing because of the timing of Israel's final withdrawal from Sinai on April 25. The nub of the disagreement is the status of the Palestinian self-governing authority. Israel is prepared to grant it only administrative rights which would enable it to act, at best, as a local council without any political power.

Egypt, on the other hand, sees this authority—with east Jerusalem or at least its Arab citizens as part of it—as becoming the heart of a future Palestinian political entity, which Israel wants to avoid at all costs.

The second point is that Israel is worried that, with Sinai withdrawal complete, it will no longer be able to bring any pressure on Egypt over the autonomy talks, nor have any power to prevent Egypt's gradual reintegration into the Arab world. Thus Israel has been pressing for a declaration of principles on Palestinian

autonomy to be accepted by Israel, Egypt and the U.S. By contrast, Egypt has been saying that the area under discussion is the ultimate responsibility of the Palestinians and not Egypt. It has also said it does not want to be burdened by a declaration of principles which might hamper its return to the Arab fold.

Hence, the autonomy talks have dragged on with both sides muzzling as Mr Ali did, statements like: "Nevertheless we are most convinced that we can reach peace and adhere to the historical achievement we have been able to accomplish through constructive and fruitful dialogue alone."

While this may be true of bilateral negotiations, they hardly conceal the fact that on autonomy, all that has been achieved is agreement on the topics to be discussed and nothing of substance. In short it has become a protracted battle between the lawyers of both sides over commas and colons.

Talks on autonomy for the Palestinians on the West Bank and in the Gaza Strip have been proceeding inconclusively since the spring of 1979. Indeed, the U.S. has now sent its third presidential special envoy to the region in Mr Richard Fairbanks, who succeeded Mr Robert Strauss and Mr Sol Linowitz.

He left Cairo on Tuesday after also visiting Israel on what he described as "a learning trip." His mission would seem to have had no success. Mr Shamir was in Luxor and Aswan yesterday seeing the

ADB cuts soft-loan target by nearly \$1bn



Mr Yitzhak Shamir, to see Egypt's President

By Alain Cais, Asia Editor, in Manila

THE Asian Development Bank, the Manila-based multilateral aid body, has cut by nearly \$1bn (\$538m) its soft-loan target for the next few years.

This follows the refusal of the U.S. Administration to increase its proposed contribution for the replenishment of the bank's soft-loan account, the Asian Development Fund.

The ADB is used mainly to finance projects in the poorer countries of Asia at a nominal interest charge with repayment periods of up to 40 years.

The original target for the third replenishment of the ADB for 1983-86 was \$4.1bn. This has now been cut to \$3.2bn. The U.S. contribution would be 22 per cent of the total, though even that is in doubt.

The crisis for the developing world is compounded by the fact that the other major lending institution, the World Bank, is also drastically short of funds.

The ADB's talks with donor countries in Paris earlier this month was a big disappointment. Mr Masao Fujieka of the ADB said yesterday: "The figure offered by the U.S. in Paris was so low as to make meaningful negotiation impossible."

The meeting broke up without agreement. It is to be resumed in April. Mr Fujieka said the ADB would continue to exert pressure on the U.S. in the hope that it would increase its offer. He refused to say what the U.S. offer was.

Mr Fujieka added that the Reagan Administration's policy of major cuts in foreign aid represented a big change, but he hoped it would not be permanent. He was a warning, however, that unless developing countries were able to maintain their growth rates, social unrest could develop.

The ADB is also being squeezed by the generally high level of world interest rates and is likely to raise the cost of its own lending of funds borrowed on the commercial markets.

Smith faces party defections

By Our Salisbury Correspondent

IAN SMITH'S Republican Front party which holds all 20 white seats in the 100-member House of Assembly in Salisbury was yesterday reported to be facing possible disintegration as several white MPs considered leaving the party and sitting as independents or quitting politics altogether.

The RF, which ruled Rhodesia from December 1962 until the internal settlement elections of 1979, has been the target of strong attacks by Ministers who have criticised the white electorate for continuing to support "reactionary" elements.

The former Justice Minister in Mr Smith's Cabinet, Mr Cris Andersen, said this week that he and others were considering leaving the party because they felt they could do a better job for their constituents as independents.

Mr Smith told reporters that the party was split on future tactics, but that he strongly believed in maintaining white unity. "There is a stronger desire among the whites to be united because we are facing big problems," he said.

The future of the party will be discussed at a parliamentary caucus meeting next week.

India heads for record deficit

BY K. K. SHARMA IN NEW DELHI

INDIA could be heading for a record current account deficit in the fiscal year ending next month. According to the annual economic survey, presented to Parliament yesterday by Mr Pranab Mukherjee, Finance Minister, the country's foreign exchange reserves fell by Rs 12,92bn (\$760m) in the 10 months ending in January, to Rs 32bn.

The fall in reserves, despite drawings of Rs 6.37bn from the International Monetary Fund, has averaged Rs 1.93bn a month and, if the trend persists, the 1981 current account deficit could widen to a record Rs 24bn (\$1.4bn).

It was obviously in anticipation of the deterioration in the balance of payments that the Indian Government took a three-year loan of 5bn special

drawing rights from the International Monetary Fund last year.

A major part of the economic survey is devoted to balance of payments problems, especially as the trade deficit in 1981-82 is expected to be more than Rs 50bn for the second year.

The survey says that to finance the deficit, it is necessary to increase recourse to foreign borrowings from official as well as commercial sources on terms that are much harder than in the past. This trend is expected to continue, with obvious implications for the country's debt-servicing burden in the medium term. The situation is exacerbated by the warning that earnings from invisibles (mainly remittances from Indians working abroad) will drop.

Nevertheless, the survey notes that "in terms of short-term management, the performance of the economy has been highly satisfactory." Gross national product in 1981-82 is expected to rise by 4.5 per cent because of an increase in agricultural production of 3 per cent and industrial production of 8 per cent.

These come after an increase in GNP of 7.5 per cent in 1980-1981 and so the average growth rate in the first two years of the sixth five-year plan (1980-1985) is significantly higher than the annual target of 5.2 per cent.

A major achievement is the marked deceleration in inflationary pressures. Wholesale prices rose by just 5.4 per cent in the 12-month period ended January 15.

Third World backs co-operation

BY OUR NEW DELHI CORRESPONDENT

FORTY-FOUR Third World countries yesterday ended consultations in New Delhi aimed at strengthening co-operation. They agreed that the developed countries ought to resume the stalled global negotiations promised at the Cancun summit last year.

The conference, called by India's Prime Minister, Mrs

Indira Gandhi, to formulate a strategy to secure resumption of North-South dialogue, took no decisions but agreed that the Group of 77 (now over 120, in fact) Third World countries should take up the proposals made at New Delhi. The hope is that this will bring the "South" countries closer and compel them to take a united stand against the "North" as well as to co-operate among themselves.

There was unanimity that South co-operation would help in promoting individual and collective self-reliance, but that this was not a substitute for North-South economic co-operation, nor could it relieve the industrialised countries from their responsibilities towards the developing countries.

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DATE: February 19, 1982  
PLACE: Renton, Washington  
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Just five months ago the Boeing 767, another fuel-efficient jetliner, made its inaugural flight. It is scheduled to go into commercial service in September. In early 1983, after rigid certification tests, the 757 will begin to fly passengers.

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AMERICAN NEWS

Appeals for El Salvador talks resisted by U.S.

By Hugh O'Shaughnessy, Latin America Correspondent

THE U.S. Government is firmly resisting mounting international appeals for negotiations to halt the war in El Salvador...

Mexico imposes extra price curbs

MEXICO yesterday slapped price controls on 47 products in a bid to contain the country's rising inflation rate...

Argentine car production could fall another 30%

THE SHARP decline in Argentine motor industry output, which fell in January to its lowest level in 16 years...

UK ECONOMIC INDICATORS

Table with multiple columns: ECONOMIC ACTIVITY, OUTPUT, EXTERNAL TRADE, FINANCIAL. Includes data for 1981 and 1982 across various quarters.

Strikes deliver setback to Jamaican economy

JAMAICA'S RECENT bid for economic recovery has received a sharp setback from the near collapse of its bauxite industry...

Alternative budget plan for President

FOR THE first time since the controversy over President Ronald Reagan's 1983 budget proposals began...

COMPANY NOTICES

European Investment Bank Notice of Purchase 5% Dollar Bonds of 1979, Due February 15, 1991

Canadian Pacific Enterprises Limited Notice of Record Date for 1982 Annual Meeting of Shareholders

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# Biffen talks of grave threat to open trading system

BY PAUL CHEESBRIGHT, WORLD TRADE EDITOR

MR JOHN BIFFEN, the UK Trade Secretary, yesterday sought to pull the major Western trading powers away from their preoccupation with trading disputes in a realisation that "present tensions represent the gravest threat to the open trading system in the post-war era."

He cautioned against seeking to isolate Japan further by waging a trade war, particularly as he put it, when the EEC is still trying to defuse the increasing points of trading conflict between the EEC and the U.S.

The implication of a speech he made last night to the Bow Group in London was that although the UK would maintain pressure on Japan for a moderation of its trading policies, there could be no benefit from a slide into a trade war at the expense of maintaining the present international trading system.

Both the EEC and the US have become increasingly perturbed about the rising Japanese trade surplus, the targeted approach of Japanese exporting and the apparent reluctance of Japan to welcome foreign goods and investment from abroad.

But his concern about the

general state of the trading system led him, in contrast to previous speeches by UK Government ministers to emphasise the positive aspects of co-operation with Japan.

It is more sensible to work for changes in the Japanese public purchasing programme—towards the purchase of more foreign goods—and for Japanese acceptance of more foreign investment that to wage trade war.

More clearly worried about the drift towards protectionism in this speech than in previous observations, Mr Biffen said: "It is not in any sense to cry wolf in suggest that the political consensus that has sustained the open trading system since the war is now very close to the point of breakdown."

Looking forward to the ministerial conference of the General Agreement on Tariffs and Trade next November he noted that "the preservation of even qualified free trade has become increasingly dependent upon the exercise of political will rather than any clear perception of economic benefit by growing numbers of domestic producers."

# Mexico to go ahead on nuclear programme

By William Chibbet in Mexico City

MEXICO HAS decided to go ahead with its ambitious nuclear programme as planned despite its economic uncertainty.

The Government is understood to have decided that the priority programme to try to install 20,000 MW of nuclear capacity by the year 2000 should not be cut.

The programme is worth over \$900m (£15.7bn) in current terms. Tenders for the first stage, with a capacity of 2,000 MW, were submitted on February 1 by seven companies from five countries.

There were fears in the depressed international nuclear industry, which is eagerly chasing the Mexican contract, that Mexico would delay the programme.

Mexico announced a 3 per cent cut in its budget last week.

The cut follows the Mexican peso's plunge in foreign exchange markets when the Bank of Mexico decided to allow the overvalued currency to float freely.

Among companies pursuing the first contract at Laguna Verde are General Electric of the U.S., Framatome of France and Atomic Energy of Canada.

# Italy's gas needs: a tale of two pipelines

BY JAMES SUXTON IN ROME

Opponents of the Soviet pipeline say the best alternative is to take even more gas from Algeria than the 12bn cu m already planned for by 1985 when the existing pipeline should be running at full capacity. But up to now, experience with Algeria has been unsatisfactory.

"NEGOTIATIONS WITH the Russians is a great deal easier than negotiating with our own Government," a weary senior executive of ENI, the Italian state energy concern, said recently. He was referring to the issue of the Siberian gas pipeline, on which the Italian Government is continuing to stall.

The Government is caught between two pipelines. The other would bring gas from Algeria and it is already complete as far as the Italian mainland, but has not been used because of a dispute over prices. Daily, the ramifications in internal politics of the two issues become more complicated.

Italy needs more gas to meet rising energy consumption and to cut its heavy dependence on imported oil, as well as to make up for the expected future decline in existing sources of supply during this decade from Italy's own gas fields and during the 1980s, from the Netherlands. It is reckoned that an extra 12bn cubic metres a year will be needed by 1985, and a further 7bn to 10bn by 1990.

Supplies from the much-discussed Siberian pipeline would make up the gap after 1985. Indeed, the gas subsidiary of ENI, has already finalised an agreement with Soyuzgasexport, the Soviet agency, to take 8bn cubic metres from 1985 at a price said to be \$4.75 per million British thermal units (BTU) at

the Italian border. But Italy has not signed the agreement. Since shortly after the December clampdown in Poland, it had ordered a "pause for reflection" on the Soviet gas issue. This has less to do with Italy's energy needs than with the exigencies of governing with a five-party coalition.

The Socialists and Social Democrats oppose the Soviet pipeline, officially on the familiar grounds that it will assist Soviet military spending, but, in reality, more because they wish to differentiate themselves from the opposition Communists, who helped to negotiate the pipeline deal.

Even though the Government has indicated it does intend to take the Soviet gas there is little sign that internal politics are yet favourable to a signing soon.

Opponents of the Soviet pipeline say the best alternative is to take even more gas from Algeria than the 12bn cu metre already planned for by 1985

when the existing pipeline should be running at full capacity. Up to now experience with Algeria has been unsatisfactory.

The original agreement to build the 1,500-mile pipeline was signed in 1977. It will eventually reach Bologna in northern Italy where it will join existing networks. So far the \$30n project is complete as far as the Naples area, including the technically highly challenging stretch under the straits of Sicily.

The opening celebrations planned for last November never took place because Sonatrach, the Algerian state energy company, disowned the 1977 agreement under which the price was to be linked to a basket of competing fuels. Instead it sought parity with the price of a basket of crude oils. Instead of a price of \$3.25 per million BTU at the Algerian border, Algeria asked for \$6.11, and now is said to be asking for \$5.10.

So far, Sonam is understood

to have offered only 15 per cent above the 1977 price, making \$3.75. It argues that the price Algeria is demanding, to which must be added \$1.20 for transit fees and royalties to Tunisia, would make the gas uneconomic to use in Italy.

About two-thirds of the investment in the pipeline project is Italian and Sonam rejects the Algerian argument that this investment should simply be written off. It has to service foreign loans on it.

However, this negotiating position has been undermined by two factors.

First, France recently agreed to pay Algeria an job price estimated at between \$3.10 and \$5.50 per million BTU. This is below the crude oil parity price but reckoned to be up to 20 per cent above the "market" price reflected by the fact that some 13.5 per cent of it will be paid directly by the French Government rather than by Gas de France, its gas utility. At the same time, French companies are expected to be awarded FFf 12.5bn (£1.2bn) worth of Algerian contracts.

Much of the gas is destined for use in Sicily and the impoverished southern part of Italy, where it would be a big boost to economic development.

The delay in settling the price issue has led to growing protests from trade unions and some political parties, conscious of the possibility of early general elections.

In late January, as France was close to agreeing a price



with Algeria, Italy appeared reluctantly in accept that it would have to pay Algeria more than what SONAM would consider an economic price. It was agreed that the Italian and Algerian Governments would become directly involved in the negotiations.

The Italian Government envisaged the possibility of making up the price paid to the Algerians in the form of trade credits and technical co-operation deals.

The trade issue has become vital because of the foothold French companies are expected to gain in Algeria. Negotiations on contracts, said to be worth about L500bn (£12bn) between Italian companies and Algerian concerns are currently stalled while the impasse on the gas price remains, while Italian exports to Algeria had risen 58 per cent to L1,227bn (£326m) in the first 12 months of 1981.

# Japanese in integrated circuit link with Italians

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

TOSHIBA Corporation has become the first Japanese company to transfer integrated circuit (IC) production technology in a foreign buyer as the result of an agreement signed with the Italian electronics components maker SGS-ATES.

Under the agreement SGS-ATES will obtain access to Toshiba production technology for integrated circuits of the complementary metal oxide type. It will be able to send its products anywhere in the world and will become a "second source" of Toshiba designed circuits.

Toshiba is among the largest Japanese manufacturers of integrated circuits in terms of overall output. However, it has become a world leader in the development of chips of the complementary metal oxide type whose applications range from watches to computers and communications equipment. It claims a 85 per cent share of the world market for oxide 16 kilobit static ram memories.

Heavy dependence on a single supplier for these and other specialised types of ICs has been causing "anxiety" to some electronic equipment manu-

facturers the company believes.

Toshiba was approached a year ago for talks on a know-how transfer by SGS-ATES after the Italian company had decided to branch out into chips for computer and telecommunications use (its traditional expertise is in consumer related ICs). SGS-ATES is the only Italian integrated circuit manufacturer and is a member of a group controlled by IRI, the Italian Government holding company.

Toshiba's achievement in becoming the first Japanese maker to transfer technology to a foreign company contrasts with its relative slowness in producing ICs in overseas manufacture or assembly of integrated circuits.

Unlike Hitachi, Fujitsu and Nippon Electric, the other industry leaders, it has yet to announce any plan for building a European manufacturing plant.

The company says it is "investigating" the case for producing ICs in Europe but has yet to decide on a location or on whether it should establish a subsidiary or organise a joint venture.

# Semiconductor output will not be reduced

BY OUR WORLD TRADE STAFF

JAPAN'S electronics industry said yesterday it would not reduce production of semiconductors or restrict exports to the U.S. where it has been criticised for excessive market penetration.

The Japan Electronic Industries Association said Japan had about 70 per cent of the present U.S. market for the 64K ram (random access memory) chip, the latest computer memory device. But it said Japan could not maintain this position "as the U.S. industry is certain to become more competitive."

It said Japan's surplus in the trading of integrated circuits narrowed to ¥700m (£1.6m) last year, compared with ¥2.8bn in 1980.

The industry's statement appears to be a rebuttal to a recent Ministry of International Trade and Industry call for pricing restraint for exporters of large-scale integrated circuits to the U.S.

The Ministry recently advised the individual companies—Nippon Electric, Hitachi, Fujitsu, Oki Electric, Mitsubishi Electric and Toshiba—to avoid excessive price cutting on the 64K ram chips so as to head off possible dumping charges in the U.S.

The price of the chips has dropped sharply since last

summer and downward pressure is stronger still in view of the widening difference in the yen-dollar value.

The Japanese association said 1981 Japanese semiconductor exports to the U.S. totalled ¥71.2bn (£165m) and imports from the U.S. totalled ¥70.5bn (£163m).

The association's statement appeared to be in response to a recent call by the U.S. Semiconductor Association for a tax on semiconductors made in Japan.

The U.S. Defence Department said recently the Reagan Administration should consider whether a dependence on imports of Japanese semiconductors, often used in advanced weaponry, may be a national security threat.

In Washington this week, the Senate heard testimony that the U.S. cannot afford to allow Japan to dictate the future shape of the market for electronic semiconductors, but that protectionist trade actions by Washington are not the way to deal with the issue.

The U.S. House-Senate Economic Committee was advised in a study on international competition in this area, that U.S. producers need some U.S. Government assistance.

# Newsprint makers amend joint venture agreement

BY JOHN WYLES IN BRUSSELS

PAPER manufacturers Feldmühle of Dusseldorf and Stora Kopparbergs of Falun, Sweden, have bowed to a European Commission threat of legal proceedings and have amended their joint venture and marketing agreements.

After an intensive investigation of relations between the two companies, the Commission concluded that they had been imposing various restrictions on competition in the EEC's newsprint market.

According to the Commission, Feldmühle and Stora had set up a newsprint manufacturing joint venture, Hylte Bruks of Hyltebruk, Sweden. Sales policy for Hylte paper was closely coordinated by the two parent

companies which also divided up the EEC into exclusive marketing areas. In West Germany, the two companies operated through a joint marketing organisation.

The two companies have amended their agreements and abandoned their division of the EEC for marketing purposes. In addition, their pricing will be based on market prices rather than an average of list prices charged by a number of Finnish, Norwegian and Swedish manufacturers.

Finally, the West German marketing organisation now belongs to Feldmühle alone and acts solely for it. Stora will in future be responsible for its own sales in West Germany.

This is Thomas. One day, he might win the Nobel Prize. Or perhaps he'll even get a job. (Anything's possible, after all.)

But for two hours last Autumn, all his glorious futures hung in the balance.

He contracted an infection. His temperature soared and he fell into convulsions.

Before we got together with British Telecom, four hours might elapse between the development of serious symptoms and a patient's admission to hospital.

Now, thanks to the national radio paging system, a doctor can be alerted to an emergency by a 'bleep,' carried about his person, enabling him to save vital minutes in the treatment of serious illness.

So it was with Thomas. His GP was at his side within an hour, and a potentially-fatal situation defused.

One day, he'll know enough words to thank his lucky stars.

Meanwhile, it's hard to resist raising

an eyebrow at those who depict the microchip as the harbinger of a new Dark Age, in which honest flesh and blood will be surplus to requirements.

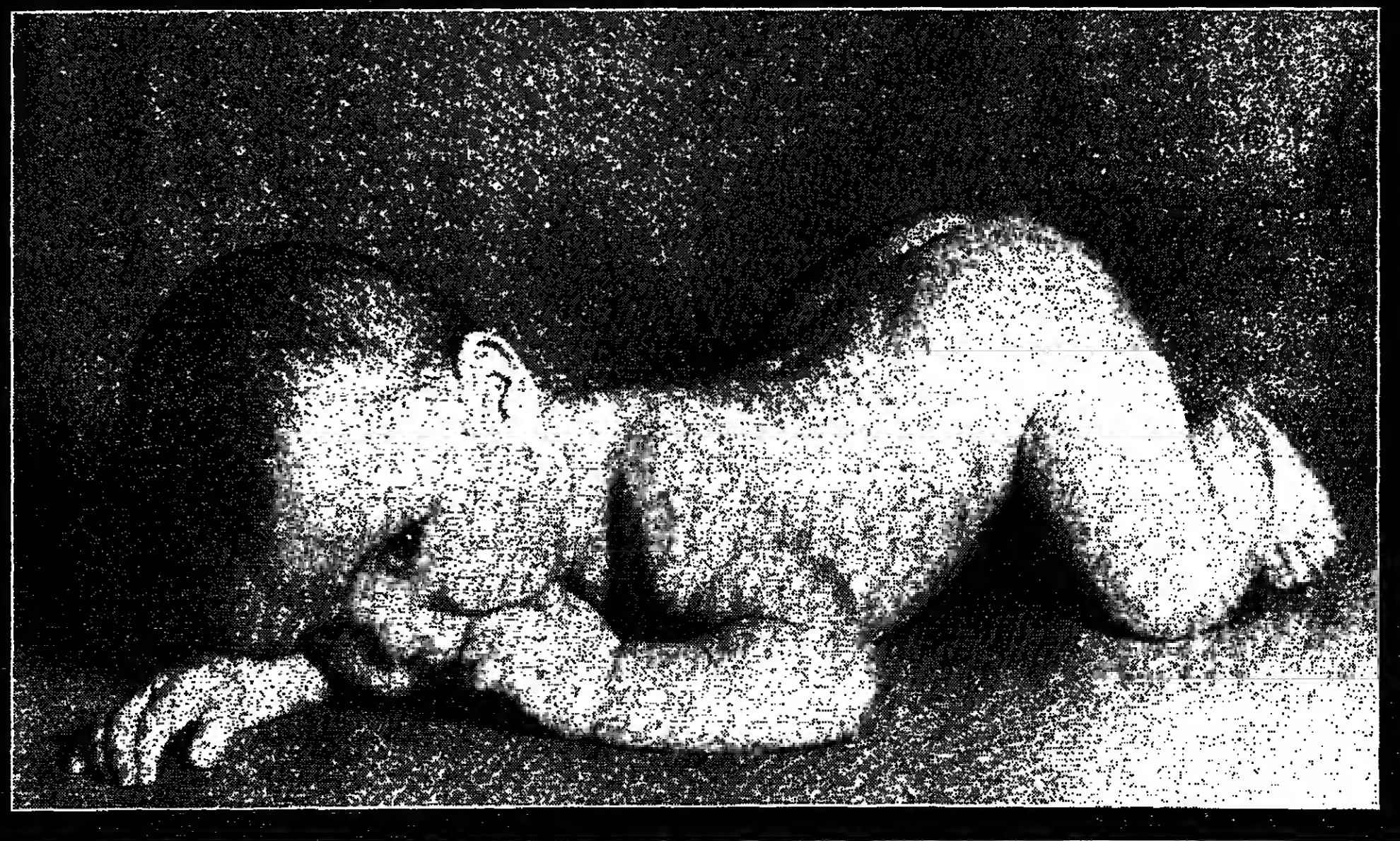
For there's nothing inherently sinister about a silicon chip. It is, after all, merely a slave. It does what it's told.

We tell ours, among other things, to train pilots in our flight simulators; to entertain us through our television and recorded music systems; and to take the drudgery out of office work through our advanced, desktop Teleputer terminals.

In fact, Thomas will bump into us in all sorts of unexpected places as he grows up. And we believe that, thanks to us, his world will be rather better than the one he almost left, last September.



# A MICROCHIP GAVE THIS MAN A FUTURE.



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UK NEWS

Bell Group's ACC offer was 'a bird in the hand'

By Raymond Hughes, Law Courts Correspondent
THE DIRECTORS of Associated Communications Corporation were faced on January 13 with a choice between "a fat and healthy bird in the hand" and "a chicken-like, shadowy bird that could only be dimly discerned in the bush" the Court of Appeal was told yesterday.

These were the terms by which Mr Gerald Godfrey, QC, characterised the rival takeover approaches made for ACC by Mr Rnhri Hnlmes a Court's Bell Group and the Heron Group.

Mr Godfrey urged the three appeal judges not to hold that the ACC director had acted unreasonably or perversely in deciding to accept the £36m offer by Bell rather than the £45m then an offer from Heron.

The Bell offer was unconditional. Any shareholder accepting it would be sure of getting his money.

Bell was also proposing, if it got control, to enfranchise the non-voting shares which formed the bulk of ACC's issued capital—a positive advantage in their holders.

The Heron offer, on the other hand, was conditional. Heron wanted up to seven days in which to investigate ACC: it required the ACC directors to agree to recommend the offer, and it required Mr Holmes a Court to express a willingness to sell the 51 per cent of non-voting shares owned by the Bell associate, TVW.

"So it is not fair simply to compare 66p (the original Bell offer) and 86p (the first Heron offer). That is not only simpler it is wrong," said Mr Godfrey.

He was making final submissions on behalf of Mr Hnlmes a Court on Heron's claim for orders preventing the ACC directors transferring their shares to Mr Holmes a Court.

Mr Godfrey said that if on January 13 Heron had made Mr Hnlmes a Court an unconditional 86p offer for his ACC shares "he would not be sitting here today—he would be sitting in Australia doing something more profitable."

Earlier, during final submissions by Mr Richard Sykes, QC, on behalf of the directors, reference was made to the possibility of the directors' decisions being ratified by ACC shareholders.

Lord Justice Templeman said that ACC was "a dog's dinner—wagged by a tail of 150,000 ordinary shares."

Two senior officials resign from BNOC

BY RAY DAFTER, ENERGY EDITOR

TWO SENIOR officials in British National Oil Corporation's trading department have resigned. More staff could follow, the Government has been warned.

Directors have told Energy Ministers that Government proposals to reorganise the corporation including the sale of exploration and production interests, could leave the trading staff demoralised.

The resignations come at an embarrassing time for the Government as it pushes through the Oil and Gas (Enterprise) Bill, particularly because they include Mr Stuart Saint, general manager of supply, one of the corporation's most senior officials.

It is understood that Mr Saint and another senior trader have accepted positions in the private sector. BNOC refused to discuss the resignations last night.

Exploration and production activities are to be put in Brillol, a new company and most of the shares sold to the public. But the trading activities are to remain in full state control under the BNOC banner.

The corporation's directors are concerned that the trading division will be left as little more than an extension of the Department of Energy.

The BNOC board has called on the Government to keep the trading and offshore operating interests together. It says that the traders could operate more effectively as part of a large integrated corporation.

The directors also suggest that state-owned crude could be handled by the privatised corporation on an agency basis.

These recommendations have been rejected by energy ministers. But in an attempt to allay some of the worries, the Government will allow the BNOC trading company to sit on the operating committee of all North Sea fields.

This decision, announced on Tuesday by Mr Hamish Gray, Minister of State for Energy, reverses the stance taken by the Government when it took over power three years ago. At that time Conservative energy ministers took the view that it would be wrong for the corporation to act as a government watchdog as well as a private enterprise exploration group.

The trading activities are being retained in state hands for strategic reasons. The Government wants to retain control over the disposal of crude gained under royalty and state participation arrangements.

The corporation's 60 trading staff handle nearly 60 per cent of all British oil production. Last year they traded more than 10 million barrels a day.

As the leading North Sea traders, they have also become the price-setters. Consequently, the trading team is at the centre of a pricing whirlpool, under constant pressure from refiners to lower tariffs in response to falling spot market rates.

Having lowered North Sea prices by \$1.50 a barrel earlier this month, BNOC is expected to concede a further price reduction of between \$1.50 and \$2 within the next future. Spot prices are now more than \$5 a barrel below the reference level of \$35 a barrel.

Color, which claims to be the leading UK supplier of liquefied petroleum gas, said yesterday it would enter the home heating and cooking market.

It says that 5m homes are "beyond the reach of British Gas." Prices would be pitched to compete with oil in the central-heating market.

Color said its new system would enable householders to run a range of cooking, central-heating and water-heating appliances of liquefied petroleum gas.

Give go-ahead to North Sea gas exports now, says Bow Group

BY SUE CAMERON

THE GOVERNMENT should lose no time in giving the go-ahead for North Sea gas to be exported, said a paper written for the Conservative Party's Bow Group yesterday.

The paper says North Sea gas exports would provide a "shot in the arm" for the economy. But it warns that opportunities for exporting gas "may soon disappear" as Norwegian and Soviet gas reserves are developed and brought on stream.

The prospect of the Government's giving permission for North Sea gas to be exported was held out to the oil companies two weeks ago by Mr Nigel Lawson, Energy Secretary. But Mr Lawson made clear that there was no chance of gas exports being allowed in the short term.

The Bow Group paper, however, suggests that fears of an adverse political reaction should not deter the Government from giving the green light to gas exports almost immediately.

It states that: "UK exports would 'protect the political independence of European countries' by enabling them to reduce their dependence on Soviet supplies."

North Sea exploration would be encouraged, and this would lead to "new discoveries and the creation of jobs."

Exports would ensure that UK gas prices reflected world levels.

The Government would restrict total exports so that there were no higher than total imports of gas.

The paper says that the Government's plans to end the British Gas Corporation's monopoly rights over gas supplies would "put pressure on BGC to reduce its overheads and other costs" which are "uncompetitively high."

But it adds that British Gas must not be allowed to indulge in "predatory" price cutting so as to prevent competition from the oil companies.

Nor should the corporation be allowed to overestimate future demand from domestic gas consumers, whom it must supply by law, so as to prevent the oil companies using the existing onshore transmission system.

Cell siege ends at the Scrubs

BY LISA WOOD

FIVE PRISONERS barricaded in a cell at Wormwood Scrubs jail, came out voluntarily last night.

The end of the siege coincided with publication of a Home Office report saying that terms of judgment by key staff contributed to defective handling of the 1979 disturbances at the prison's top-security D wing, containing 250 men, rioted after weeks of tension came to a head.

Mr Gibson's formal investigation was held in February 1980 when he told Mr Denis Trevelyan, Director-General of the Prison Services, that he was "not convinced" that all the officers employed on this occasion had not used no more force than was necessary to regain control of the wing, and that there existed prima facie evidence of criminal assaults on prisoners by prison officers.

In a forward by the Home Office in the report it was said that the Director of Public Prosecutions had received a report following a police inquiry but stated that "because of the difficulties of identification and the absence of independent corroboration there is insufficient evidence to bring a prosecution for assault on a prison inmate by any prison officers."

Particularly strong criticism is made in the report of the failure of the then Governor, who is not named, to report the incident accurately and information about injuries sustained by prisoners.

Mr Norman Honey, who was then Governor, now works at the headquarters of the Prison Department.

MILK CONSUMPTION in UK schools is expected to rise by between a third and a half this year thanks to subsidies of nearly £11m from the EEC.

It is expected to reach 15.5m gallons, the highest level since the cuts a decade ago, which earned Mrs Margaret Thatcher (then Education Secretary) the title of "Thatcher the Milk Spalcher."

Under the arrangement worked out at that time the EEC pays out 81 pence per pint provided that at least another quarter of the total cost is met from public funds in the UK. Milk currently costs about 20 pence a pint.

About 106 of the UK's 127 local authorities have shown definite interest in taking advantage of the EEC offer by covering at least part of the rest of the cost of the milk.

Although this only includes three authorities which were not already supplying school milk, the Agriculture Ministry estimates that the scheme could boost classroom consumption in 1982 by 3.75m gallons to 15.5m, involving an EEC subsidy of £10.95m. The UK contribution would be at least £2.7m.

EEC aid boosts milk drinking

BY MAURICE SAMUELSON

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It may also slow down, or even reverse, the long-term fall in UK milk consumption. Sales in 1981 were down to 7,093m litres from 7,507m in 1973.

Falling sales will also trigger a battle between rival bottle and carton manufacturers.

When sales of bottled milk have been falling steadily, the amount sold in cartons has been rising steadily and now stands at 14 per cent of the market.

Last year sales in cartons reached a record 997m litres (1,738m pints), nearly double their share three years ago, the Milk Carton Manufacturers' Association said yesterday.

Construction work up 4 per cent more orders for construction work last year than in 1981, the Department of the Environment reported yesterday. Fourth quarter 1981 orders were 2 per cent higher than in 1980.

TEXACO yesterday announced that a £20-25m investment project for its refinery at Milford Haven, Pembroke, Wales, is to go ahead. It will build a Viskbreaker unit to increase yields of high-value products from residues left by a catalytic cracker now nearing completion.

Agency launched AN ENTERPRISE agency called Manchester Business Venture, through which big companies will help small businesses, was launched yesterday as a section of the city's Chamber of Commerce. It has been set up in conjunction with the Department of Enterprise's North West Enterprise Unit.

Leicester card holders offered more services

BY ALAN FRIEDMAN

THE Leicester Building Society is to offer a package of services it claims will go "well beyond anything that any other building society has done." Not only will it provide cheque books through Citibank Savings, but will also enable Leicester card holders to get discounts on the purchase of new cars, flowers and bathrooms.

The plastic card obtained by depositing and maintaining a £100 balance, offers a range of services available to the cardholder including the following:

- A Leicester-Citibank cheque book tied to Citibank's Tandem Account. Cheque book customers must deposit at least £10 per month to receive a rate currently at 11 per cent (gross interest on credit balances. Interest rates are variable, but the proposed overdraft rate is 2.5 per cent or 29 per cent annual percentage rate; this is higher than normal overdrafts and lower than Barclaycard or Access.
- Cardholders may apply through the Leicester to Citibank for personal loans of £500 to £5,000.
- Leicester will offer cardholders Citicorp transfer travellers cheques without a commission charge.
- Share account members will be able to transfer funds to third parties.
- Cardholders will be able to apply for Citicorp's Diners Club International charge card.
- The Prudential will provide cardholders with special holiday travel insurance and the Private Patients Plan will provide medical insurance.
- UK car sales people will offer up to 15 per cent off the manufacturer's recommended price of a new car. The RAC will offer a 25 per cent off its services and Godfrey Davis European up to 15 per cent off car hire.
- Many will offer discounts on kiln-dried, bathrooms and garages, so will Chubb on home security systems and Rentokil on cavity wall insulation.
- Interflora will offer a 10 per cent discount on flowers.

Computer aid for electronics companies

By Jason Crisp

THE GOVERNMENT is to spend £8m over three years to encourage electronics companies to use sophisticated computer techniques to design, make and test products.

The scheme, aimed at small companies, will operate like the microprocessor awareness programme.

The Industry Department has several other schemes to encourage use of new technology in industry. These include £25m worth of aid for fibre-optics, of which £17m has been committed in under a year, £10m to encourage use of robots and £5m to promote computer-aided design.

The scheme for the electronics industry is the computer-aided design, manufacture and test scheme (CADMAT). It will be managed for the Department by the Institution of Electrical Engineers and its management board will comprise the Department, the Institution and the Electronic Engineering Association.

Sales of unit trusts rise to £57.6m in January

BY ERIC SHORT

THE UNIT-TRUST industry has made a satisfactory start to the year, with sales in January of £57.6m, an increase of more than £2m on the previous month.

Last year's momentum for investment in unit trusts, when sales reached a record £955m, has been maintained, even though sales were £5m below those for January 1981.

Repurchases (units cashed in) at £28.2m were nearly 5m higher last month than in December 1981, leaving net new investment in January at £29.2m.

"The results show that the investing public is still supporting unit trusts as a vehicle for equity investment," Mr Mark St. Giles, chairman of the Unit Trust Association said yesterday.

This year's success was based on public enthusiasm for overseas and specialist funds. It would appear that interest in overseas investment has continued but there were indications, according to the UTA, of a return to UK funds. Mr St. Giles believes UK recovery funds could do well this year.

The total value of unit trust funds under management at the end of January was £6,120m—the second highest level on record—though the number of accounts declined slightly during the month to 1.78m.

NEDO call for more union and CBI links

By John Elliott, Industrial Editor

THE CBI and TUC should work together more on industrial and economic policies, Mr Geoffrey Chandler, director general of the National Economic Development Office, said in London yesterday.

The impact of the recession had given the CBI and TUC a better understanding of the need for more employee consultation, higher productivity and profitability, and a more positive industrial policy, he said.

There was a "brief window of opportunity" for some agreed approach on such issues before the onset of the next general election changed the atmosphere. A "common denominator of industrial interest" should be sought.

More effective should also be made of the National Economic Development Council "to maximise the areas of understanding and minimise party political differences on industry."

Not that the ex-Bank of England men are totally at odds with the Bank's present intervention strategy.

Mr Beales says he agrees with the policy of "smoothing" expounded by the Treasury and the Bank's managers, which he had to carry out. "I was frustrated no more than a couple of times during the time I was there—which is pretty good going."

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The Bank suffers a brain drain to the private sector

David Marsh reports on the flight of the Bank of England's top currency dealers

banks and British Government departments. Nonetheless, the loss of experienced men in the dealing room is not something the Bank can take lightly. The danger is that it could become less closely in touch with the real of the foreign exchanges—an essential part of the task of a central bank charged with controlling its currency.

The Bank will soon face another, more important, personnel switch. It must appoint a replacement for Mr John Sangster, its assistant director in charge of foreign exchange.

Mr Sangster, who heads a foreign exchange team (including dealers and managers) of around a dozen, reaches the normal retirement age of 60 this year after more than 30 years spent with the Bank.

The longest-serving Bank of England man to seek a new job on the other side of the fence was Mr Ted Bradshaw, 45. He left his job as chief dealer at the Bank in 1976 to take charge of day-to-day foreign exchange operations at the Hungarian International Bank.

gained also gone, there is a loss of contact and experience which they are in the process of rebuilding."

When Mr Bradshaw left six years ago, in the middle of the sterling slump, the move attracted a fair bit of publicity. When Mr Michael Beales departed last August after three years in the job, the move received very little attention.

That, according to Mr Bradshaw, is a sign that interplay between the public and private sectors is becoming more commonplace. "It would be nice if it went the other way and if one or two senior dealers from outside went to the Bank on secondment."

Mr Beales (now with the Royal Bank of Canada) says he left—after a total of 18 years in Threadneedle Street, of which ten were in the dealing room—to develop his career. Other possibilities at the Bank, for instance a management job in foreign currency, did not appeal to him. "I wanted to stay in the professional cut and thrust of dealing."

Mr Bradshaw, who spent a total of 17 years at the Bank as a dealer, also says he wanted "a career on a more commercial basis." The Bank's dealing operations were "a fairly narrow field."

Mr Beales says he agrees with the policy of "smoothing" expounded by the Treasury and the Bank's managers, which he had to carry out. "I was frustrated no more than a couple of times during the time I was there—which is pretty good going."

Central banks are no longer able to "put exchange rates where they want to. No central bank has the reserves to take on the market any longer."

"Anything that a central bank can do in the way of intervention can only be very temporary—a controlling operation with no particular ring in mind. No one knows what the exchange rate can be—only the market can decide."

He added that the Bank would have a special problem on its hands if it wanted to keep the pound steady within a fixed rate system, for instance with the EMS.

Looking back at the 1976 sterling flare-up which still preoccupies the Bank, Mr Bradshaw criticises the way authorities handled the crisis.

"It was obvious that the Treasury wanted the rate down and did little at £2 to prevent this. It got out of control. The world started to sell sterling because there was no support at £2."

Mr Beales makes a similar point. "The big mistake in my view was that no one realised what a psychological barrier £2 was. Sterling had never before gone below \$2."

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## UK NEWS

# Aberdeen discovers the price of oil-fired success

Mark Meredith examines the oil industry's impact on traditional businesses

HAS OIL-FIRED success spoiled Aberdeen? Ask a question like that in industrially run-down cities like Glasgow or Dundee and there would be bitter laughter. They would gladly exchange some of their problems with those of Aberdeen.

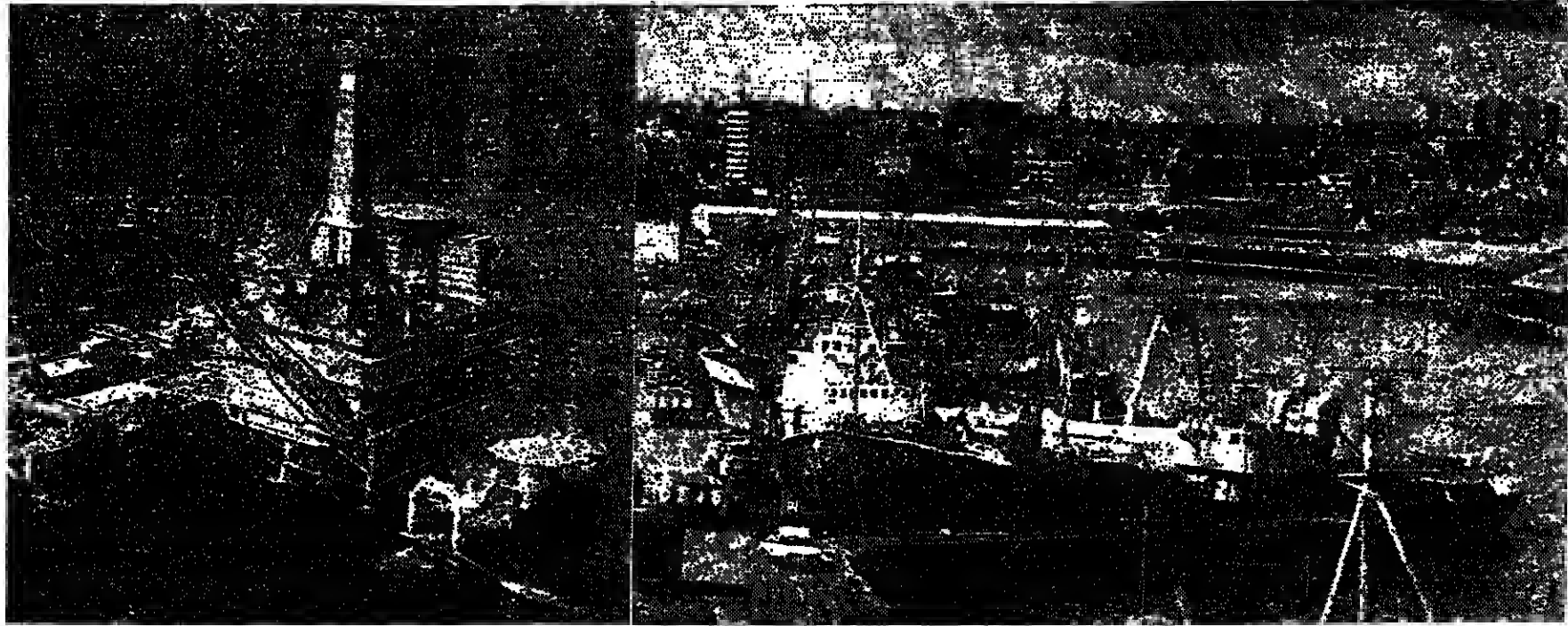
Aberdeen exudes prosperity unlike any other town or city in Scotland. The city's growth as a base for North Sea oil has generated a businesslike bustle and developed a quality of life that is the envy of many towns. Few municipalities could match the 10 per cent of the city budget spent on local amenities, such as vast playgrounds and award-winning flower-beds.

The grey granite city appears to have absorbed the North Sea oil boom yet not let oil absorb the city as might be the case with a frontier town. Fleets of powerful offshore supply vessels crowd the docks, but most of the oil industry servicing areas and plush office blocks are spread out in suburban industrial estates and the centre has kept its austere charm.

The obvious success which oil has brought to Aberdeen, however, has masked the decline of the city's non-oil traditional industries. There is mounting concern that the city could develop into a one-industry town which, when the oil runs out, will be left an industrial orphan.

The strength of the oil sector has a distorting effect on the overall appearance of the city's industries. It covers up the fact that Aberdeen has a dual economy, oil and non-oil sectors working at different levels of wages, turnover and profitability.

The oil industry has taken some of the best workers of the traditional non-oil industries of fish-processing, textiles and paper-making. There are stories of wholesale raids by oil com-



The new and the old: left, a North Sea oil rig lifting the oil that is bringing wealth and problems to old Aberdeen, right

panies on the engineering staff of paper-mills.

One oil corporation is said to have set up a portable cabin outside a mill gate to recruit workers going in. The men were asked about the level of their wages and then offered more to tempt them away.

One mill-operator recalls that the entire engineering staff of one company was head-hunted in the space of one week because non-oil industries are unable to match oil-industry wage levels.

The oil industry's presence has also driven up rents, rates and building costs. Moreover, the oil industry's health may lead to a loss of government assist-

ance for the region.

The coming months could be crucial for the survival of some companies in the non-oil sector. There is mounting concern among paper, textile and fish-processing companies that the Government's plan to remove the eligibility of Aberdeen and surrounding Grampian region for government assistance this August will leave these businesses starved of funds.

Non-oil indigenous industries have received nearly £3m in regional development payments since 1978. This figure could represent 15 per cent of the total only. It covers grants of more than £28,000 and most of the payments were smaller

sums given to small companies. Regional selective assistance grants from 1977 to 1981 reached £5.5m for these industries.

The 1980 downgrading of Grampian to an intermediate area meant regional development payments were stopped and only selective assistance remained.

By ending assisted-area status altogether in August all this aid, with most of the EEC assistance, which has totalled £10m over the past five years, will go.

The oil sector has benefited, too, from more than £6m in regional development payments from 1976 to the present.

These industries do not resent oil's success but, rather, the impact it has had on running their businesses. They also feel the prosperity which oil has brought to the city distorts the real long-term health of Aberdeen's indigenous industries.

The city has an unemployment rate half that of the Scottish 15 per cent average. Even this figure may be higher, because some unemployed from well outside the area sign on the unemployment register in Aberdeen, feeling they are closer to new job openings.

Judging the qualification of an area by its employment figures alone, the non-oil industries say,

has misled the Government into planning to remove intermediate-area status from Aberdeen and Grampian in August. A review is now the less promised before the final decision.

Mr Ian Lakin, general manager of Donside paper-mills, Aberdeen, part of the Bowstler group, says a 20 per cent development grant on capital investment of £1m is vital for a decision to proceed with regular plant improvements.

The combination of recession, loss of grant status, increasing costs and the effects of living cheek by jowl with the oil business has already led to one

casualty among the paper-mills. Coulter closed a year ago. Four mills are left.

"Oil has been successful. You cannot gloss over that. But if it turns me, I'll squeak," says Mr Lakin.

A recent study of the Aberdeen economy predicts that the downward trend in paper-making, fish-processing and textiles could lead to their virtual disappearance in a few years.

Manufacturing jobs, the report shows, were being lost faster in Aberdeen than in any other Scottish city. Nearly one-third of the manufacturing companies interviewed by the researchers made a loss in between 1975-79.

The report was drawn up by Dr Hugh Begg of Dundee University and Mr Stewart McDowall of the University of St Andrews. Their grim outlook for the manufacturing sector is underlined by the finding that the engineering jobs generated by North Sea oil will be phased out as North Sea operations come to an end.

The oil servicing industry in Aberdeen has not grown in proportion to North Sea oil development. Some companies were able to use their home base elsewhere to supply offshore contracts and did not feel it necessary to face the high costs of setting up in Aberdeen.

There is also the fear that unless Britain improves the exportable nature of its offshore capabilities in the form of services that can be sold to other countries as the North Sea oil reserves reduce, places like Aberdeen will feel the decline most severely.

The Begg-McDowall report concludes that the oil-service sector "has not generated long-term stable linkages to the local economy," a point to unsettle town and regional planners even more.

## Forecast on biotech products value

FINANCIAL TIMES REPORTER

THE market value of products made by the powerful new methods of biotechnology will be \$34.3bn (£3.4bn) a year by the year 2000, it was predicted in London yesterday.

Mr Theodore Sheets, chief executive of the management consultancy T A Sheets, specialising in the chemicals industry, told nearly 200 businessmen that the value of alternative energy products would be \$16.3bn (£3bn), new foodstuffs, \$12.6bn (£2.6bn), and health care products like insulin and interferon, \$5.08bn (£58m).

Industrial chemicals such as amino acids and aromatics made by biotechnology would be worth \$10.5bn (£2.7bn) and agricultural chemicals, \$8.5bn

(£4.6bn).

Mr Sheets was speaking on the opening day of what is claimed to be the first international briefing on the potential for investment in biotechnology.

Speakers warned that their predictions erred on the conservative side. Dr Zsolt Harsanyi, vice president of E. F. Hutton, said every prediction for the development of biotechnology over the past few years had proved a gross under estimate.

Biotechnology involves the use of living organisms to make commercial products — the use of yeasts in brewing and wine making is the oldest and best known example.

Two factors have given bio-

technology new impetus.

First, scientists have made dramatic advances in manipulating the hereditary material of living organisms to enable them to manufacture rare and exotic substances which could only be produced with great difficulty or expense using conventional methods.

Dr Harsanyi cited a chemical which seems to improve memory and concentration and another which can be used as a male or female contraceptive.

Second, the growing realisation that the Earth's resources are running out has stimulated a search for substitutes susceptible to manufacture by biotechnological means.

The use of micro-organisms in the North Sea oil industry and

to promote the leaching of metals from metal ores were among the areas described at the briefing.

Mr Sheets estimated the value of biotechnology products used to assist the leaching of copper and nickel from their ores would be \$4.5bn (£2.45bn) by 2000.

Dr Caroline Vaughan, director of market development for Celltech, the biotechnology company backed by the British Technology Group, told the briefing that one of the principal biotechnology methods, cell fusion, giving rise to very specific proteins called monoclonal antibodies, would alone be worth £250m by 1985. These special proteins have uses ranging from chemical purification to diagnostic assay and radio-imaging.

Mr. McClenaghan said that in spite of the recession there seemed to be enough potential employers on the move to satisfy the needs of a small town of 50,000 people such as Corby.

Corby's success in attracting industry is, however, relative: it means only that the unemployment rate, which leapt to 21 per cent 18 months ago because of steel closures, has not worsened.

Corby's unemployment rose from 9 per cent to 21 per cent in about 12 months when 5,500 British Steel Corporation workers lost jobs. It has stayed there stubbornly since.

The companies entering the zone include Allied Mills, which is investing £25m in a four-mill and starch plant, and BXL, a BP subsidiary which makes extruded plastics. Each will create 250 jobs.

Other recent developments outside the zone include a distribution centre for Oxford University Press, the Institute of Management's decision to move a large part of its operations to Corby and BAT's plans to build a £22m tobacco-processing plant there.

Mr McClenaghan said that on Tuesday night Corby District Council decided on a rate 5 per cent below last year's level.

The decision on whether a 220m leisure park is to be built in the area will probably be taken this year. An exhibition of designs for the park, having as its theme 'The Best of British', will be held in August.

## Corby zone attracts 25 companies

By Raymond Snoddy

CORBY YESTERDAY said that a total of 25 companies have moved into the town's enterprise zone since it was designated last June. This will create 1,487 jobs over the next three years.

"A 'good news' story is about to happen," Mr Fred McClenaghan, director of Industry for Corby Industrial Development Centre, said.

Since January 1980, 116 companies have moved into the town. In 1981 alone investment of £100m was committed to Corby.

Mr McClenaghan said that in spite of the recession there seemed to be enough potential employers on the move to satisfy the needs of a small town of 50,000 people such as Corby.

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## Britain urged to reject draft text on Law of Sea

BY ANDREW FISHER

BRITAIN WAS urged yesterday to join the U.S. in rejecting or amending the draft of the Law of the Sea at next month's United Nations conference on the subject.

Professor Donald Denman said the two countries should look for arrangements which would not create an international authority monopoly.

Professor Denman, former head of the department of land economy at Cambridge

University, has written a warning paper on the subject, published by Aims of Industry. Mr Michael Jevons, director of Aims, said the organisation had asked for meetings with the UK government on the issue.

The U.S. wants major changes in the draft treaty which would cover deep seabed mining. Professor Denman did not advocate that Britain and the U.S. should pull out of the conference, which will last from March 8 to April 13.

## Publishers face monopoly investigation

By Alan Pike

TWO SEPARATE attempts by Reed International, publisher of the Mirror Group newspapers, to expand its provincial newspaper interests have been referred to the Monopolies and Mergers Commission.

The first investigation will cover Reed's attempt to take over Benham Newspapers, publisher of an evening newspaper, six weeklies and a free publication in Essex. In the second reference the commission will look into Reed's proposed purchase of St Regis Newspapers, which produces an evening, seven weeklies and three free newspapers in the north of England.

Under the Fair Trading Act, 1973, the consent of Mr John Biffen, Trade Secretary, is required for newspaper takeovers and the Commission of the Act obliges him to refer the two proposed Reed transfers to the commission before reaching a decision.

## Major battle looms over Laker transatlantic routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR battle for the transatlantic routes previously flown by Laker Airways is in prospect following British Airways' objection to the transfer of those routes to another Laker company, Brenpage.

The Official Record of the Civil Aviation Authority, published this week, says that, as expected, Brenpage, a small company, acquired by Sir Freddie Laker, has applied to the authority for the licences for the transatlantic Skytrain and other routes to be transferred to it.

Laker Airways went into receivership on February 5 and formal notice of the suspension of the Laker route licences was given last week. This suspension, however, is still subject to appeal by Sir Freddie.

In the meantime, publication of the application to transfer the licences starts a new and lengthy procedure.

There will now be a 21 day period in which other airlines, airport authorities or other in-

terested parties can either object or lodge applications for the routes.

The routes include those between Gatwick and New York, Los Angeles, Miami and Tampa, and Gatwick and Zurich.

British Caledonia has lodged a counter-application for rights to the Gatwick-Los Angeles route.

British Airways said yesterday it intended to lodge a blanket objection to the Brenpage bid, covering all the original Laker Airways routes, but with particular reference to the North Atlantic operations.

It seems likely that other airlines will follow suit, especially for Laker licences for European charter and scheduled operations.

The CAA will then have to call a public hearing to discuss both the Brenpage applications and the objections to them, and this is not likely to be set up until some time in late March or April.

## Blaenau Gwent council plans 5% rate cut

BLAENAU/GWENT District Council, which includes the Ebbw Vale constituency of Mr Michael Foot, the Opposition Leader, in its area, plans to cut rates in the coming financial year by 5 per cent.

The council finance committee, which is Labour-controlled, recommended a rate of 2p in the pound yesterday in both the industrial and domestic rates.

The reduction will be made through £200,000 less council spending in an annual budget of some £8m, and involves loss of 19 council jobs by natural wastage. Reserve balances will be drawn upon to the tune of £104,000.

Mr L. B. Woodhall, Blaenau Gwent director of finance, said that in recommending a rate cut the council was mindful of the difficulties now facing industry.

## How the canning industry pampers our pets

THE CATS and dogs of Britain may not be better fed than their owners, but in one respect which is closely related they are treated better.

That is the view of Mr "Bev" Page, who sees things from the specialised angle of a packaging expert. He is operations director at the Mardon Illingworth can making plant in Nettleton, Hampshire, a leading supplier to the pet food trade.

Britain's pets have the edge on their owners, he says, because much of their food comes in the latest two-piece cans, similar to those which now dominate the soft drinks trade. The canned beans and spaghetti for their owners, on the other hand, still come in the traditional three-piece container.

The two-piece can is recognisable by the bevelled edge round its base and its lack of a side seam. It is lighter than its three-piece counterpart and in sufficient numbers it cheaper to produce. Having only one seam instead of three, it is theoretically less prone to contamination. But its lightweight walls must be of higher grade lamination, in order to withstand the pressures of the "draw and wall

Most petfood now comes in the latest two piece cans, reports Maurice Samuelson.

iron" (DWI) process by which blank discs of tinplate are hammered and drawn into shape.

The advent of the two-piece drinks can has been the centre of a well publicised battle between the main manufacturers, led by Metal Box and its U.S. counterparts, Continental Can and American Can.

There has been less attention on the introduction of the two-piece can into petfoods. Its success is evident at Melton Mowbray in Leicestershire where Pedigree Petfoods boasts the world's biggest single line for filling two-piece food cans—it has a capacity of 300m cans a year.

The Mardon Illingworth factory at Sutton in Ashfield supplies almost 250m cans a year for Melton Mowbray, the rest coming from Metal Box at Braunstone, Leicestershire. Mardon Illingworth is part of Mardon Packaging International, a wholly owned subsidiary of BAT Industries, with

£400m sales worldwide.

Until its decision to start making cans, Mardon's only connection with metal packaging was the decorated tin box line at the Illingworth factory, which also makes plastic bottles and tops.

Mardon's main interests are in flexible packaging—such as crisp bags or bread wrappers—in moulded plastics, and in cartons and specialised printing.

According to Mr Page, Pedigree Petfoods asked Mardon to supply two-piece cans after being turned down by the leading can makers, who were in the process of improving their welding techniques for three-piece food cans.

After agreeing to supply Pedigree, Mardon asked Krupp of West Germany to supply, install and commission a line to produce 600 DWI cans a minute.

The plant started to be commissioned in early 1978—but by the end of the year, Mr Page

says Mardon was having so much trouble with the Krupp DWI machines that it began to look for alternative equipment.

It turned to Metal Box which had produced an improved version of a machine designed by the U.S. Standun company. Metal Box, Page says, had previously not wanted to sell DWI machines to rivals but had now changed its policy.

The Metal Box-Standun body making machines were installed at Sutton-in-Ashfield in 1980 and last year for the first time the plant made more than the 600 cans a minute required by Pedigree. Its total output for the year was 247m cans, against a target of 230m.

Like other can makers, Mardon Illingworth is looking beyond the tinplate age to the use of "black plate," or tinless steel which, according to Mr Page, is already on the horizon.

Judging by the experience of two-piece food cans, it would not be surprising if animals again benefited before humans from this new technology—at least in pet loving Britain.

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UK NEWS - PARLIAMENT and POLITICS

NEC victory for Foot, but Labour truce in danger

MR MICHAEL FOOT, the Labour leader, yesterday won an important psychological victory on the party's national executive committee. But he was given a clear warning of the problems ahead on the key question of a local party's right to select its own candidate. The party's Left-Right truce could be damaged by this issue at this year's party conference. At a lengthy and heated meeting of the executive Mr Tony Benn made clear that he was prepared to lead a crusade to defend the rights of local parties. He warned that if the NEC was seen to intervene in the choice of candidates, the issue could dominate this year's party conference. Despite Mr Benn's warning, the committee voted by 15 to 13 to ask the organisation committee to reconsider its decision to endorse Mr Pat Wall, a leading member of Militant tendency, as the candidate for Bradford North. A committee of inquiry recommended against endorsement. Another member of Militant, Mr Terry Fields, was, however, endorsed yesterday as Labour candidate for Liverpool Kirkdale. Mr Fields is the sixth member of Militant to be endorsed as a Labour candidate. His case went through without much trouble, as no rules were broken in his selection. But the growing list of Militant candidates poses the biggest threat to Mr Foot's hopes of sustaining the peace. The party is currently negotiating Militant, and if, as

Commons Sketch

Pleasantries over, the House gets down to whisky and football

THREE IS ALWAYS a peculiarly acrimonious atmosphere during Scottish Question Time in the Commons. It is as if the spirit of Robert Louis Stevenson's rancorous Scottish "hange Weir" of Horsham was hanging over the chamber like a gloomy Highland mist. Yesterday, Mr Peter Fraser was making his first appearance as Solicitor General for Scotland, having replaced the colourful Mr Nicholas Fairbairn who resigned from the post last month, after the unfortunate row over the Glasgow rape case. Mr Gordon Wilson (SNP Dundee East) congratulated Mr Fraser on his elevation "even though it may just be a step towards the judicial bench after the next general election." Warmly, Mr Fraser thanked him for this "backhanded compliment." The irrepressible Mr Fairbairn also popped up to offer congratulations and best wishes to his successor. The Mr William Hamilton (Lab Fife Central) was having none of this flattery. "Congratulations for joining such a

dreadful government," he growled. With these pleasantries out of the way, the House got down to those natural concerns of any Scot—whisky and soccer. Mr Barry Henderson (Con Fife East) waxed wrathful over the case of a publican who was fined only £5 for passing off an inferior whisky as a famous brand name. Mr Fraser replied that he could well understand Mr Henderson's outrage at this particular offence. But, he added calmly, "I would point out that it was only a single whisky." The lad might be new to the job but he is obviously a quick learner. Mr Ron Brown (Lab, Leith) was equally indignant because, he claimed, that well-known Protestant institution, Rangers Football Club, was refusing to employ Catholics. He became more angry when the Speaker, Mr George Thomas, said that this was not a matter for a government minister. "Who do I address it to, then?" thundered Mr Brown.

"The Prime Minister, the UN Secretary-General, perhaps to God?" The House at last got on to a political topic with the heard Mr Dennis Canavan (Lab, Stirlingshire West) criticising Mrs Thatcher's Tuesday night speech, in which she hinted at a tough Budget. According to Mr Canavan, she was a "demented woman bent on wrecking the Scottish economy. This brought Mr Fairbairn to his feet. Was it in order, he asked, for an MP to call the Prime Minister "a demented woman," even when the words came from the "hairy lips of a demented man?" Mr Canavan, however, seemed to be in an uncharacteristically accommodating mood. If it would make anyone happier, he was prepared to change the wrappings to "Right Honourable demented woman." Gravelly, the Speaker advised him: "It is not a matter of order. It is a matter of taste. I leave it at that."

John Hunt

Ulster sex law change may be delayed

THE GOVERNMENT is likely to postpone changes in the Northern Ireland laws on homosexuality which would bring the province into line with the rest of the UK, until after the completion of any legal proceedings arising from the Kinora scandal. Changes in the law, which currently makes homosexual acts between consulting adults illegal in Northern Ireland, are necessary following a European Court ruling last October which said the law was in breach of the European Convention on Human Rights. As a signatory to the Convention, Britain is bound to act on the ruling, Mr James Prior, the Northern Ireland Secretary, said in a written answer yesterday that the Government would amend the law. But he gave no indication of when this might be. The issue is politically sensitive in Northern Ireland, where attempts to amend the law foundered in 1979. Opposition is likely to be more muted this time, largely because of the embarrassment in London arising over the Kinora affair. This involves allegations of participation by prominent loyalists in a homosexual prostitution ring.

Wages councils reminded of job prospects

THE GOVERNMENT has written to wages councils, which determine the pay of many lower-paid workers, telling them to take employment prospects into account when fixing wage levels. Mr Norman Tebbit, Employment Secretary, told the Commons select committee on employment yesterday he had received letters from employers warning that they might have to dismise workers because of wages council awards. He hoped the councils—which are independent, although statutorily based—would consider carefully the implications of wages on employment prospects. The Employment Secretary was asked about the role of wages councils during questioning about the Government's new Young Worker Scheme, which provides subsidies of up to £15 per week for the employment of school leavers earning less than £40. Some employers are compelled by law to pay young people more than the scheme's limits because of wages council awards. Reacting cautiously to questions about the scheme—which was introduced only last month Mr Tebbit stressed its experimental nature, and said it was not yet possible to say how effective it was going to be. The Government would be monitoring it on a geographical and sectoral basis and would be sampling employers to assess the number of new jobs being created. It was part of

Howell attacks Labour over London fares

LABOUR LEADERS of the Greater London Council were attacked by Mr David Howell, the Transport Secretary, in the Commons last night for persistent attempts to make political capital out of the Law Lords' decision outlawing the subsidised "fares fair" scheme operated by London Transport. He particularly condemned their encouragement of the planned one-day strike by Tube and bus workers which he insisted would be a pointless demonstration. Mr Howell was equally censorious in deploring the "senseless" publicity campaign being conducted by the GLC on the "fares fair" issue at the ratepayers' expense. He reaffirmed that the Government has no intention of widening the provisions of the Travel Concessions (London) Bill—designed to ensure that retirement pensioners in the GLC area remain entitled to free bus travel—to validate the "fares fair" scheme. Despite this Mr Robert Hughes, Labour's chief spokesman in the debate, gave notice that the Opposition would seek to amend the Bill so as to make it possible for the GLC lawfully to provide additional grants for transport purposes. He gave figures—challenged by the minister and other Tory MPs, which he claimed showed that even with the "fares fair" policy in operation public transport in London was being subsidised to a far smaller extent than in other capital cities, including New York, Paris, Brussels and Berlin. Mr Hughes maintained that the GLC Labour group had framed its subsidised fares policy, which formed part of its election manifesto, with the intention of acting within the law. He argued that the Law Lords' decision clearly contravened the intention of parliament at the time the 1969 Transport (London) Act was passed without opposition from Conservative MPs. Mr Hughes contended: "The Government is not entitled to hide behind the skirts of the Law Lords and proposed its policy as a by-product of a decision unselected judges." He called on the Government to amend the Bill to establish the law on the basis of what most people thought it had been prior to the House of Lords' judgment. Otherwise London Transport would remain locked in a vicious downward spiral with reduced services provided for the public at increasingly high fares. Mr John Hunt (Con Bromley) said there had been shock waves of anger and rage among ratepayers in his constituency, who were not able to take advantage of the cheap fares on the Underground, when they discovered the extent of the additional financial burden imposed on them as a result of the GLC scheme. SDP support for private education MR ROY JENKINS yesterday assured the education-conscious voters of Hillhead that the Social Democratic Party would support the continuation of private education. "I fully accept that the right to opt out of the state system is a legitimate human freedom," he told an audience at Glasgow University.

Thatcher orders review of floating fuel store controls

A TEN-MINUTE RULE BILL to bring in planning controls over floating structures—such as ships used for storing fuel—was successfully introduced in the Commons yesterday by Mr Peter Viggers (Con, Gosport). Although the Bill stands no chance of becoming law, there could be legislative results. Mrs Thatcher has asked Mr David Howell, the Transport Secretary, to review the co-ordination of regulations. Mr Viggers brought forward the Bill as the result of protests over plans by a Danish consortium to moor a 60,000-ton vessel in the Solent for storing liquefied petroleum gas (LPG). Mr Viggers told the House, however, that Mobil Oil, the oil company interested in the scheme, has now announced that it has withdrawn. Other Hampshire Conservative MPs said the local authorities in the Solent area were opposed to the proposal, said Mr Viggers. He compared LPG to lighter fuel and said the opponents of the proposal had described it as a "smoking bomb." It was planned to bring the fuel from the Middle East once a month in large tankers and use the moored vessels as a floating distribution centre. Fuel would be taken off three or four times a week for distribution. Half would have gone to the Mobil Oil cracker plant in Essex. Mr Viggers pointed out, in fairness, that other LPG tankers already used the Solent. He wished to make no criticism of the promoters or of British Transport Docks Board. The interested parties had carried out a full investigation into the scheme, including its social aspects. "But even if it was now decided not to proceed with the plans, a major point of law still remains outstanding. No minister or government department had any power to prevent the mooring of a tanker and its use as a floating reservoir. His bill set out the proper planning requirements and allowed for a full public enquiry to be held in such cases. In a written Commons answer last night Mr David Wedgwood Benn, Employment Under Secretary, said the Health and Safety Executive was consulted by the British Transport Docks Board about the Solent proposal. It advised they were no strong health and safety grounds why the storage and transhipment operation should not proceed.

Jenkins ready for a stiff fight in Hillhead

"It was not then as great a disadvantage to be an Englishman as it would be today, when English members for Scottish seats are very rare, birds indeed." Roy Jenkins writing about Asquith's candidacy in East Fife in 1886. MR ROY JENKINS, an Englishman in manner if not by birth, may turn out to be such a rare bird. But it is not a forgone conclusion. The Glasgow Hillhead by-election, now expected for March 25, is still an open contest. While Mr Jenkins is the favourite, he will have a stiff fight—and he knows it. The campaign is still low-key. The parties have all chosen candidates but, ahead of the formal moving of the writ for the by-election, there are hardly any public meetings, no posters and only limited preliminary canvassing. The comments of both party officials and people in the street give the impression that the by-election has made little impact and large numbers of voters are undecided. The most recent opinion poll, nearly three weeks ago, showed that nearly a quarter of those questioned had not made up their minds. The poll—undertaken by the Telephone Survey Research Unit on behalf of the Sunday Standard and BBC Scotland—showed that, after excluding voters (mostly on the Tories) in the Kelvinside ward adjoining the university, though trailing well behind Labour in the council estates of Scotland. Mr Jenkins is now spending nearly all his time in Hillhead, getting to know the place and meeting people. He has already held three surgeries to hear local views and has had a series of meetings with local professional, business and community groups while going out canvassing regularly. The enjoyment of politics which he re-discovered in War-

Peter Riddell, Political Editor, on the Alliance's by-election hopes

Albion works. The housing ranges from tower blocks to red and dirty grey sandstone apartment buildings. Known as Wally closes, where vividly coloured tiles in the hallways go right up to the top of the buildings. The constituency is in many ways obviously promising territory for Mr Jenkins and the alliance. It has more voters with two A-levels than any other in the UK, and it has a high percentage of owner-occupied and good quality council housing. The seat also includes a large number of professional people, and many of the staff and students of Glasgow University (itself just outside the constituency). All this adds up to a strong likelihood of the likely SDP victory. He stands to benefit from the local desire for a more active MP than the late Sir Thomas Galbraith. He also faces tough competition from the other parties. The Conservatives have picked Mr Gerry Malone, a Glasgow solicitor. He appears quick and articulate and should not fall into the same pitfalls as the hapless Tory at Crosby. Mr Malone has an uphill task, though he has the benefit of a little local reflation with the award of an order for a frigate to the Yarrow yard. He is facing up to the task of defending the Government's record, though he would clearly like a little "flexibility" in the Budget with a cut in the employers' insurance surcharge. There may turn out to be a hard bedrock Tory vote, especially as the majority had been whittled away under the late MP.

The big uncertainty is the impact of the Scottish Nationalist. An experienced campaigner, he has a simple but eloquent appeal—to put Scotland back on the map.

The Labour candidate is Mr David Wiseman, a community worker and former Loch Ness monster investigator (an issue on which he is agnostic). Mr Wiseman stands clearly on the left—supporting unilateral disarmament, withdrawal from the EEC and the alternative economic strategy. Yet he and the party organisers seem determined that he will do and say nothing alarming. The result is likely to be a dull, but sincere, appeal which will rely more on traditional Labour loyalties than stirring up the emotions. The big uncertainty is the impact of Mr George Leslie, the Scottish Nationalist. An experienced campaigner, he has a simple but eloquent appeal to put Scotland back on the map and supports unilateralism. The nationalists have never done particularly well in Hillhead and he does not look a frontrunner. But Mr Leslie could make an impact on dis-



LABOUR'S MAN: David Wiseman, apparently determined to say nothing alarming.

But none of the main parties expects Pastor Glass to make much impact. The existence of four main candidates clearly complicates any assessment. Although the Croydon by-election last October started as a three-way fight, Warrington and Crosby ended with the alliance squeezing the vote of what was seen to be the losing third-party. It is clearly Mr Jenkins's hope now to squeeze Tory and nationalist votes against Labour. Neither Mr Jenkins nor anyone else in the SDP underestimates the significance of the result for his chances of becoming leader. For the party's relations with the Liberals, and to regain electoral momentum, Mr Jenkins is clearly not going to lose through lack of effort. 1979 general election: Galbraith (Con.) 12,368 (41 per cent) Mowbray (Lab.) 10,366 (34.4 per cent) Harris (Lib.) 4,349 (14.4 per cent) Borthwick (SNP) 3,060 (10.1 per cent). Conservative majority 2,002.

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UK NEWS—NATIONAL INSTITUTE

Unemployed total of 3.3m predicted

BY MAX WILKINSON

A GRADUAL rise in output for this year of less than 1 per cent is predicted by the National Institute in its February Review.

However it says that since output began the year above the average for 1981 the average year on year increase will be about 1 1/2 per cent.

It says the year on year rise in output is more than accounted for by the turn-around in stockbuilding, arithmetically equivalent to 2 1/2 per cent of Gross Domestic Product.

Real disposable income is expected to fall by about 1 per cent after a fall of 1 1/2 per cent in 1981. But because a further reduction in the savings ratio is expected it is predicted that consumer expenditure will fall by only a small amount.

The latest forecast is somewhat more optimistic about the trend of output than the Institute's last forecast in November. This suggested that real GDP would rise by only 0.6 per cent this year after a fall then expected to be 3.1 per cent for 1981.

However, the institute still sticks firmly to its view that the likely recovery in output will be too small, on present terms of 1981 to 3.1m in the fourth quarter of 1982 and 3.3m in the same period of 1983.

The Institute believes that the UK economy will be helped by a recovery of a world economic activity, but that UK growth will be slower than elsewhere.

It says the general pattern of restrained recovery established in the second half of last year will be maintained in the immediate future, with a slow rise in output caused mainly by stock movements.

Thereafter, recovery is sustained by increasing exports and an upturn in fixed investment. With no change in fiscal or monetary policy little change can be expected in personal or public consumption.

In its first detailed forecast for 1983 the institute says the picture is rather similar to that for 1982, with a continuation of slow output growth and steadily rising unemployment.

Following a fairly steady inflation rate in 1982 the rate of increase in wages will accelerate a little in 1983 as workers try to restore the real value of their incomes. Prices will then catch up again.

Most of the recovery in 1983 is expected to come from a recovery in the investment cycle and some export growth related to the moderate rate of expansion in the rest of the world.

The Institute believes manufacturing investment may now be in or near its trough, but it says a large scale recovery of investment will be inhibited by the existence of considerable spare capacity.

It says the indications are that the recovery of investment will be weaker than in past cycles. Last year's decline in gross fixed investment, which the institute puts at 7 to 8 per cent was "only the fifth annual decline since the war and by far the largest."

In the manufacturing industry the decline was about 13 per cent if allowance is made for the switch to leased equipment. It is predicted that gross fixed investment will rise by less than 1 per cent this year with a rise of 2.4 per cent in 1983.

National Institute Economic Review No. 99 (National Institute of Economic and Social Research, Annual Subscription £25 (£35 abroad) and single issues for 1981 and 1982 £7 (£10 abroad), 2 Dean Trench Street, Smith Square, London SW1P 3HE.)

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LABOUR

TUC to encourage employers to speak out against Tebbit Bill

BY JOHN LLOYD, LABOUR EDITOR

THE TUC will try to encourage employers who are opposed to all or parts of the forthcoming employment legislation to make public statements of their disapproval.

Mr Len Murray, the TUC general secretary, said yesterday that he and other TUC officials had "found very grave doubts in the minds of employers about the advisability of the legislation."

The TUC is trying to capitalise on the fears which especially large employers are discreetly voicing that the Employment Bill will encourage the activities of "cowboys" on both sides of industry.

It would use any public expression of these fears as part of its campaign against the Bill. The campaign blueprint of which was given unanimous approval by the TUC's General Council yesterday.

At least one major multinational company has indicated privately that it regards the legislation as potentially disruptive, while personnel managers from a range of industries believe it will do nothing to assist efforts to improve industrial relations, and may sour them.

Earlier this week, Mr Norman Tebbit, the Employment Secretary, faced noisy disapproval from a conference, largely attended by personnel managers. Though the managers were split on whether the Bill was too tough, or not tough enough.

This opposition, however, has not yet been made public at either company or Confederation of British Industry level, and it would seem unlikely to be so in the immediate future.

Mr Murray warned the Government that it faced an "arduous" struggle, and said: "The Government has picked a fight with us, we have not picked a fight with the Government."

Outing Mr Sidney (now Lord) Greens, the former general secretary of the National Union of Railwaymen, Mr Murray said: "Life will be as difficult as the Government or the employers want to make it. If that happens, the responsibility will be with the people that started it—the Government."

Using Mr Tebbit's phrase about his intentions towards the unions, Mr Murray said that the TUC aimed to "neutralise" the legislation.

He said that unions who took part in secret ballots on closed shops, or who took state funds for union ballots, would face disciplinary action under TUC rules.

The general council approved an eight-point plan endorsed by the TUC employment policy committee earlier in the week. Its main aims are to give the general council power to coordinate action by unions to support any union facing legal action and to provide financial backing.

The strategy of boycotting the National Economic Development Council, mooted by the Transport and General Workers, has been dropped.

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Growth in output expected to be slow

By Robin Pauley

THE INSTITUTE expects very slow and modest improvements in industrial output this year and next.

Depressed domestic demand in the UK will provide a continuing incentive to look for new markets abroad but the small changes forecast for every component of domestic demand suggest the total increase in output will be very limited.

The recovery from the worst of the recession is not expected to prevent a further rise in the average level of unemployment.

By 1983 only three industries are expected to be back at 1979 output levels—instrument and electrical engineering, aerospace, and other vehicles.

Construction and allied industries suffered further and particularly large falls in output in 1981. The fall in construction continued in the first and second quarters, reaching 14 per cent below the 1980 level, although there may have been a small recovery in the second half.

The largest fall was in public housing—more than 35 per cent down—and this continued throughout the year. A further fall is forecast for next year because of the financial pressure on local councils, although it may be smaller.

The fall in output is even greater than the reduction in the numbers of houses being built because of a switch to smaller houses and a lowering of standards.

Output may stop falling in 1983 when it will be about a third of the 1975 level. There was a small recovery of private housing in early 1981, but this was reversed in the third quarter and output for the year was probably 12 per cent down.

Expansion rate in OECD countries likely to be only 1.2% this year

BY DAVID MARSH

THE COUNTRIES grouped in the Organisation for Economic Co-operation and Development are likely to achieve real growth of only about 1.3 per cent this year, accelerating to 2.7 per cent in 1983, the National Institute says in a review of world economic prospects.

The only modest expansion expected this year compares with growth rates of 1.3 per cent in 1981 and 1.2 per cent in 1980, but an average of 35 per cent for 1969-79.

The recovery from the worst of the recession is not expected to prevent a further rise in the average level of unemployment.

Inflation rates should be progressively reduced, with slightly lower average dollar prices than last year for oil and other commodities. However, prices of food and raw materials will probably be recovering fairly steadily, and the institute expects the price of oil to rise again at the beginning of next year.

Overall OECD consumer price inflation is likely to fall to 8.7 per cent this year and 8 per cent next year from 10.6 per cent in 1981 and 12.9 per cent in 1980.

The current account surplus of oil exporting countries is likely to be greatly reduced and OECD countries are expected to be in surplus this year by \$23bn (£12.5bn) after a \$6bn deficit in 1981.

This year's surplus is expected to be concentrated on the UK and Japan, which are likely to show surpluses of \$12bn and \$29bn respectively.

The volume of world trade this year is expected to grow by 2 per cent, accelerating to 5 per cent in 1983.

The U.S. is expected to suffer a reduction in gross domestic product of 0.2 per cent this year while Japan will record growth of 4.5 per cent, France 2.5 per cent, the UK 1.4 per cent and West Germany 1.3 per cent.

Interest rates are expected to fall slightly before the middle of this year and in 1983, particularly in Japan and West Germany. But rates seem likely to remain exceptionally high and any fall in real terms will be minor.

Current levels and trends of unemployment are exerting a strong influence on wage settlements. This applies particularly to the U.S. Pay settlements this spring are expected to be relatively moderate in Japan and West Germany, and this tendency may spread.

Mr David Warburton, GMWU national industrial officer, said last night: "Dunlop refuses to meet the unions nationally there can be no doubt we are heading for a national strike."

Talks aimed at ending the three-month dispute over closure of Dunlop's Brynmawr plant, South Wales, ended in deadlock last night as workers at three other Dunlop plants staged one-day sympathy strikes.

Dunlop refused to improve the redundancy offer made a fortnight ago to the 450 workers who have occupied the Brynmawr plant since before Christmas.

It says the workers "made themselves ineligible for the company's normal redundancy scheme when the dispute was backed officially by the TGWU."

The sympathy strikes took place at the Hirwaun Dunlop-Phillips plant, South Wales, the general rubber-goods plant at Skelmersdale, Lancs, and in part of Fort Dunlop, Birmingham.

The company said 2,200 workers had taken part in the stoppages, less than 10 per cent of its workforce.

The unions will meet at national level today to determine action.

Mr Warburton said: "Dunlop has rejected our proposal for national level talks on manning levels."

BA strikers not backed

BRITISH AIRWAYS ground staff at Heathrow Airport's intercontinental terminal yesterday refused to stage a 24-hour strike today in support of their colleagues handling European and domestic flights.

This is the latest in a series of setbacks for the 3,000 ramp workers at Terminal One and Two, who have been in dispute for more than two weeks after refusing to work schedules which BA wants to introduce so it can implement voluntary redundancies. They claim to have been locked out while the company says they are on strike.

The ramp workers' repeated attempts to persuade other staff not to cross their official picket lines have met little success.

About 500 of the 1,500 Terminal Three long-hand workers voted not to stage a 24-hour strike today, reportedly by a margin of more than two to one. So far they have offered only token support for their colleagues, including three one-hour stoppages.

National strike threat at Dunlop

By John Lloyd and Robin Reeves

UNIONS AT Dunlop have threatened national strike action over the company's plans to close its South Wales plant and over its alleged refusal to talk on manning levels at other plants.

The unions include: the General and Municipal Workers and the Transport and General Workers. They are considering calling a stoppage if the company refuses to meet national officials.

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Times staff in union membership dispute

BY IVO DAWNEY, LABOUR STAFF

CONFUSION CONTINUED at Times Newspapers last night over the management's claim that members of the National Society of Operative Printers Graphical and Media Personnel who apply for voluntary redundancy will not forfeit their union membership.

The question of whether or not union membership can be retained could well be a crucial factor in the attempts by Mr Rupert Murdoch, the proprietor, to persuade 210 clerical workers to accept the severance terms restored on Tuesday.

Yesterday's meeting of the key Natsopa clerical chapel, where Mr Murdoch is seeking 330 job cuts from a total staff of 970, was voted by a clear majority not to accept notices of resignation.

Mr Chris Robbins, Natsopa clerical branch secretary, said last night that he had received a clear assurance from a general secretary, Mr Owen O'Brien, that the union rules prohibiting volunteers for redundancy to retain membership remained in force.

Mr O'Brien has since distributed a circular letter reiterating the rules on redundancy to branch officers and heads of chapels (office branches).

However, it remained unclear last night whether the union leadership is interpreting job cuts sought by Mr Murdoch as being, in effect, mandatory.

Mr Robbins said: "The company's belief that Natsopa would retain union membership if they accept redundancies was clearly wrong." He added that the branch would be instructing its members to that effect.

But the company said: "We had an assurance that left us in no doubt that people who accepted voluntary redundancies would not lose their union card."

BA strikers not backed

BY BRIAN GROOM, LABOUR STAFF

BRITISH AIRWAYS ground staff at Heathrow Airport's intercontinental terminal yesterday refused to stage a 24-hour strike today in support of their colleagues handling European and domestic flights.

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The ramp workers' repeated attempts to persuade other staff not to cross their official picket lines have met little success.

About 500 of the 1,500 Terminal Three long-hand workers voted not to stage a 24-hour strike today, reportedly by a margin of more than two to one. So far they have offered only token support for their colleagues, including three one-hour stoppages.

The ramp workers have been supported by 23 ground staff at Edinburgh, who have refused to handle shuttle services from London, but management and volunteers have maintained the service.

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Training plans criticised for uncertainty of effectiveness

BY ROBIN PAULEY

CONSIDERABLE scepticism about the Government's new proposals and initiatives on training is expressed in an article by institute member Mr Ian Jones "which remains the full responsibility of the author."

The recent white paper: "A new training initiative: a programme for action" is the latest in a long line of official documents lamenting the persistent failure of the UK training system to produce the number of skilled people required by a modern competitive economy.

But the proposals for improving the quantity and quality of skilled manpower are limited in scope and of uncertain effectiveness, he writes.

The main plans in the white paper are: A higher vocational content to the curriculum in the last two years of compulsory schooling.

A youth training scheme (YTS) to provide a one-year "foundation" training for all 16-year-olds, either on a full-time basis if the young person is unemployed or a part-time basis for the employed.

Measures to raise training standards for skilled occupations and more encouragement for training schemes which make the attainment of tested standards obligatory. The existence of several decades.

The review rejects the suggestion that the Government should replace the money supply target by a formal exchange rate target by bringing sterling into the European Monetary System.

It also warns against "the dangers of poor public expenditure control." The Government should announce a programme of real cuts in public spending and taxation. In contrast to official plans the public sector has grown, taxes on income have increased and the cost to

employers of hiring labour has been raised rather than lowered, the centre says.

The centre urges Sir Geoffrey Howe in the March Budget to reaffirm his commitment to a sterling M3 target. The target has been distorted by the after-effects of the "corset" and by the banks' recent invasion of the mortgage market.

However sterling M3 and other broad measures of public sector liquidity have consistently provided a better, early warning of inflation than M1 (the narrow measure of the

money supply), the review says.

The review also suggests that the Bank of England should focus more on the monetary base than on interest rates as its operating target in the money markets.

It says there is a "self-evident" need to back up the monetary target with a more effective method of money stock control.

The review says the monetary control reforms carried out by the Bank of England in August simply extended to the bill

market the sort of flexibility in interest rates which was granted to the gilt market under the Competition and Credit Control system a decade ago.

"There is no guarantee that the new system will be any more workable than the old, and a high probability that direct controls on bank lending will soon prove necessary."

Monetary targets examined

By Robin Pauley

THE INSTITUTE discusses the problems which arise in setting intermediate monetary targets. In the period between policy changes the economy is likely to be subject to a large number of unexpected shocks and the problem is what to do about them.

Intermediate targets may be useful in helping to reduce the destabilising effects of these shocks. Money supply targets or exchange rate targets may, in some circumstances, be more effective at stabilising either output or prices than a monetary policy based on fixed interest rates. A final choice between these alternatives depends both on the structure of the economy and the stability of the relationships within it.

However, once this time horizon is passed the instruments of policy should vary so as to achieve the objectives of that policy using all the information provided by economic theory and past evidence, the institute says.

For example, the evidence suggests that price changes do not depend on movements in sterling M3 alone. Movements in variables such as M3 might represent useful indicators of how the economy is moving but they are only one of many pieces of information.

Tees docks strike legal action planned

BY NICK GARNETT, NORTHERN CORRESPONDENT

CLEVELAND OFFSHORE, constructors of the gates for the Thames Barrier, is considering legal action against the Transport and General Workers' Union and the Tees and Hartlepool Port Authority if the dockers' dispute which has stranded four of the gates on the river Tees is not resolved quickly.

Talks to end the 14-week stoppage were continuing late last night after being adjourned on Tuesday. The length of the talks indicates that the authority has been making some concessions in

its previous offer of 6 per cent linked to higher productivity.

The strike has been jeopardising the completion programme for London's flood defences, due to be operational in November. Cleveland Offshore has received legal advice but the wharf area where the gates are stranded does not fall within the dock labour scheme.

It is also thought to have been advised that the special modular loading operation would not normally be considered dockers' work. If this was tested in court it could have a major bearing on loading operations at other ports as dockers' work.

Legal action will not necessarily resolve the issue. Some of the company's workforce belongs to the



TECHNOLOGY

EDITED BY ALAN CANE

# Girlinging system designed to beat the rough ride

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ALL MANUFACTURERS are taking the weight out of their cars because it is one obvious way of improving a vehicle's fuel efficiency.

But as the difference between the weight of the empty body compared with the weight of that body loaded with four or five people and their luggage grows, the headaches for the suspension engineers increase.

Using conventional suspension systems they can opt for either much greater vertical wheel travel, at the expense of handling, or much firmer springs, with inevitable penalties in terms of ride comfort.

However, Lucas Girling has come up with a fresh approach, a sophisticated electronically controlled system they have called the Girling Modulated Ride.

The package was introduced to an American audience at the Society of Automotive Engineers' annual conference in Detroit by Dr Stanley Manton, director, product engineering for Lucas Girling.

He explained that MRS is a full-load system intended for designing into vehicles from their inception but can be applied to a variety of existing ride control systems.

At its heart is a computerised control module combining the comprehensive logic to handle the very complex demands of advanced suspension management with the cost-advantages

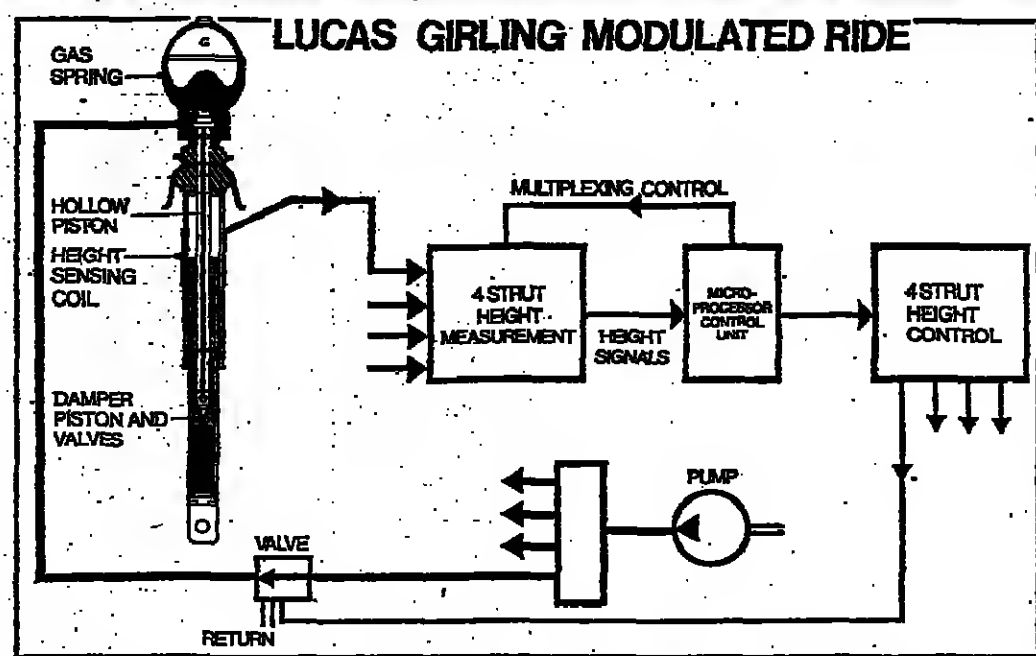
of state-of-the-art micro-computer technology. It possesses the built-in "intelligence" to cope with abnormal conditions of axle loading or road-induced movement and does away with the strange behaviour associated with some less sophisticated auxiliary self-leveling devices now in use on both sides of the Atlantic.

Dr Manton claimed, for example, that if a car with the MRS system was clumsily parked with one wheel on the kerb, the central controller is capable of detecting the anomaly and deferring correction until the vehicle moves off — it does not fight in vain to level the vehicle.

He used the accompanying illustration to show a typical application, with the control related to a system of independent hydraulic or pneumatic struts. The self-leveling capacity of the struts is under the selective authority of the central computer, each being extended or compressed via a bank of specially-designed non-leak solenoid valves.

Dr Manton claimed that such a system provides a constant working height and control of suspension frequency, within a narrow band, irrespective of the load being carried. The electro-hydraulic valves are actuated as required by height-sensors incorporated in the strut units themselves.

The height sensors consist of copper coils embedded in the



dirt shield surrounding the strut. When a high-frequency current is passed through the coil the resulting magnetic coupling induces eddy currents in the body of the strut to an extent depending on suspension height.

The phase displacement resulting from losses in the copper coil is measured against a reference coil in the MRS central controller to provide a signal proportional to strut position and hence the suspension height.

The complex patterns of electronic signals so produced, reflecting the various influences of loading, speed and road conditions on each of the four axes, are digested by the micro-computer. It then processes the information and decides what action it should take — an interrogation procedure which, according to Dr Manton, takes just 80 milliseconds.

The computer then responds through the medium of three modes, or speeds of operation.

The fast mode is designed to correct the vehicle's height as quickly as possible prior to moving off after the engine has been started. In this condition it takes just a few seconds to achieve full operating height from fully compressed struts.

Slow mode allows the system to hold the vehicle's height at a median point in the "bump and rebound" cycle while on the move, preventing a waste of energy on constant and unnecessary corrective responses. It does this by imposing a five-second delay on its reactions to height readings.

The trim mode is adopted once the right height has been achieved and corrects for small, longer-term load changes on the suspension struts while on the move — such as aerodynamic effects at high speed or the gradual diminution of fuel weight as a journey progresses. In this mode height readings are averaged over a longer period, extending to about 20 seconds, before levelling decisions are made.

Refinements of MRS can include a high-ride mode for operation on rough or rutted roads or a low-ride setting for high-speed driving. Both features are either manually controlled or automatically selected by vehicle speed or suspension movements.

As a fail-safe feature, if a sensor becomes faulty, the controller will substitute readings from the other three to allow completion of the journey without the vehicle level being affected.

Dr Manton made it clear that Lucas Girling is primarily interested in supplying the control unit and Lucas went to some lengths to remind the Americans that it is "an old-established electronics company" which put up its first electronics factory in 1960.

## SERC research saves Rolls-Royce £1m a year

RESEARCH IN a number of universities and polytechnics on the processes of grinding and die and mould manufacture, sponsored by the Science and Engineering Research Council (SERC) in the mid-1970s, has saved Rolls-Royce at least £1m a year by increasing creep feed grinding speed 20-fold.

The Rolls-Royce application was just one area where industry is now starting to benefit from the research work.

The co-ordinated programmes will be illustrated by a number of displays on the SERC stand at the Production Engineering and Productivity Exhibition at Olympia from March 2-6.

Among the research work illustrated at the exhibition will be developments on high stock removal rates in grinding processes, while maintaining acceptable geometry and surface finish; work on die and mould manufacture to develop more reliable machining processes, and methods of improving the life of dies and moulds

by better design and surface treatment.

Research by a group under Professor Andrew at Bristol University on coolant application, wheel speed and a new method of wheel sharpening was taken up by Rolls-Royce which has incorporated the new technology into production of the turbine blades for the RB211 aero-engine.

Other research has been carried out at Birmingham University, the Cranfield Institute of Technology and Northern Ire-

land Polytechnic.

SERC says that Birmingham and Cranfield have made important contributions to the exploitation of superplasticity in metals used for the production of dies.

Experts from the various areas of research will be on hand to discuss individual applications, but full details of the programme can be obtained from SERC at Polans House, North Star Avenue, Swindon, (0793 26222).

MAX, COMMANDER

## Magazine for ZX81 users

THE fatal flaw in most of the microcomputer magazines now littering the country's newsstands is the number of different, incompatible systems they describe.

Look at the success of motor magazines. All cars are driven in roughly the same way — steering wheel, gas pedal and so on — so a reader can enjoy, vicariously, the pleasures of a Porsche or Jaguar even if he or she drives a rusty Mini.

Not so with micros. They are horribly incompatible, even with the introduction of the CP/M micro operating system. So the user of a say Superboard or Tangerine micro may have to leaf through several issues of several magazines to find something of specific interest.

### Experience

EEC Publications, which launched the very successful Which Computer, has tackled the problem by launching a magazine devoted to one micro — the UK's top selling ZX80 and ZX81, designed by Clive Sinclair.

The company has experience of the heavy end of the market with IBM User — but there are now some 250,000 or so ZX users in Britain, mostly young, mostly enthusiastic.

Last month a ZX81 fair held in London was seen by an estimated 12,000 people who got into the exhibition, most after a four hour queue; countless numbers gave up in despair.

So the prospects for Sinclair User should be good. ECC is on 01-359 7481.

ALAN CANE

## Wiper system

AN electronic cut-out to alleviate problems with multiple motor windscreen wiper systems has been developed by Dudley's (Redditch). The cut-out allows one wiper motor to park and the other to complete its cycle and then come to rest through a single switch operation. Dudley's (0527 67701) will explain all.

## Gauging systems

A FAMILY of non-contact gauging systems for in-process diameter measurement of bars and pipes in steel mills has been introduced by Inspection Instruments (Slough 76216).

## THE MORE INTELLIGENT CHOICE.



COMPUTER SYSTEMS  
Tel: 01-236 7968

## Power washer

DESIGNED TO operate from any small compressor of 1 hp or more, the Jetaway Gun power washer is a new product from Jewell, Wadebridge, Cornwall (020881 2145). The Jetaway is equally at home with hot or cold water, foam, mixtures of chemicals and water or just air. It costs £55.00 complete.



## Portable ratemeter

A wide choice of scintillation detectors and Geiger counters can be coupled to this new FSR8 portable Scaler Ratemeter from Nelaer Enterprises, Reading, Features, it is claimed, include preset count and time, crystal controlled timer and analogue ratemeter with chart recorder output. More from 07521 2121.

## 'Moliness'

A CONSIDERABLE capacity for holding moisture but rather slow to absorb it. This is the claim put forward for "Moliness" — a chemically treated cellulose fibre blended with Irish linen. The new fabric is said to be highly crease resistant and machine washable.

It is available for men and women's wear in a variety of weights and colours. Lintrend, 55a, Duke Street, Grosvenor Square, London (01-629 1618) says it has taken five years of research and development to produce the new material.

## Cultivators

OF interest to farmers will be the "S" range of tine cultivators in versions from 18 to 81 tines and working widths from 1.8m to 8.1m. The cultivators are constructed in linked modules built from 0.9m wide sections which can be extended to take advantage of any increased tractor capacity available.

Prices start at £540 to £3,060 for the top of the range. Details from Kverneland (UK), Denby Way, Ewouray Industrial Estate, Rotherham, West Yorkshire (0709 54 2222).

together, enabling you to get more out of your computer.

Because Peachtree software works on so many different types of computers it also means you're more likely to be able to take your application systems with you as you expand your use of computers in the future. You will be able to protect your investment in computer systems as you grow.

Until now microcomputer software has been a jungle. Now MSA, the world's largest company specialising entirely in business computer software products for large computers (nearly £40 million worldwide sales in 1981), has joined forces with PEACHTREE SOFTWARE, the world leader in these products for microcomputers.

Together we make an unbeatable combination. As a public company, MSA has the resources to guarantee you and your computer supplier support, both now and in the future. Peachtree software is supplied by computer manufacturers themselves, on a whole range of small computers — including the new IBM personal computer.

Now you can go and buy your computer. Ask for Peachtree business software products in the confidence that you will receive skilled and professional advice in their use from your computer supplier, backed up by Peachtree.

We work through local computer service companies because they are close to your office and your needs.

So, first things first: Send us the coupon or your business card or letterhead. We'll send you the name of your nearest supplier, along with a detailed description of Peachtree business software products and a full explanation of the importance of software. Or telephone Miss Susan Jane at Maidenhead (0625) 71011. Peachtree Software International, MSA House, 99 King Street, Maidenhead, Berkshire SL6 1YF.

First things first. Small business computer hardware or software — which comes first? At Peachtree we know that software has to come first.

It's all a very confusing business at the moment. The microcomputer is growing up, making computer power accessible to thousands of smaller businesses and to departments of larger organisations who couldn't justify it before. The trouble is, you are forced to choose a computer first (the hardware, like the tape recorder) and then find the programs (the software, like the music) to make it do what you want.

Peachtree has changed all that. There is no question now which comes first. It must be the software.

For the first time ever, the small computer user (like the large computer user) has the option of choosing a coherent, complete and comprehensive set of business software products, all from the same company, all designed to work together.

● Peachtree Financial Management  
Tools Nominal Ledger and Budgeting, Financial Forecasting, Purchase Ledger, Sales Ledger, Inventory Management.

● Peachtree Business Management Tools  
Sales Order Processing, Payroll Accounting, Name and Address Management.

● Peachtree Office Management Tools  
Word Processing, Automatic Spelling Dictionary, Communications to other computers.

Until now either you, the user, or your computer supplier have had to cobble together a collection of products from different sources to meet some or all of these requirements.

Now — for the first time — your computer supplier can offer you the full set, (or the parts you need to start with) plus all the service you need, from one source.

This means that your software systems are easier to install and you get a quicker return on the investment you make in your computer.

It means that the systems all work

First things first.



# البنك العربي الافريقي الدولي arab african international bank

Consolidated Balance Sheet as at 31st December, 1981

	1981 U.S. \$000	1980 U.S. \$000
<b>Assets</b>		
Cash and Banks	1,151,778	984,824
Investments	108,136	77,738
Loans & Advances	1,620,572	1,072,873
Accrued Interest Receivable & Other Assets	79,023	53,458
Fixed Assets	34,743	29,314
Total Assets before Contingent Accounts	2,994,252	2,218,207
Clients' Liabilities for Letters of Credit and Letters of Guarantee	686,271	564,582
	<u>3,680,523</u>	<u>2,782,789</u>
<b>Liabilities</b>		
Customers' Current & Deposit Accounts	625,602	640,771
Due to Banks	2,000,863	1,295,923
Loan Capital		5,000
Proposed Dividends	14,000	12,000
Accrued Interest, Provisions & Other Liabilities	138,116	92,440
Minority Interests	32,161	9,951
Total Liabilities	2,810,742	2,056,085
Total Shareholders' Equity	183,510	162,122
Total Liabilities & Shareholders' Equity before Contingent Accounts	2,994,252	2,218,207
Group's Liabilities for Letters of Credit and Letters of Guarantee	686,271	564,582
	<u>3,680,523</u>	<u>2,782,789</u>

International Head Office: 5, Midan Al Sany, Al Kouba Garden City — Cairo.  
Telephone: 25093-25094-25095 Telex: ARBER 92071 — AIB 93331  
Branches: Beirut, Al Hamra, Dubai, Abu Dhabi, Alexandria, Nassau.  
Representative Offices: London, Khartoum, Amman, Tunis — Agency: New York.  
Subsidiary Companies: Al-Bahrain Arab African Bank (B.C.) Oman Arab African Bank



I'd like to know more about PEACHTREE business software products.

NAME \_\_\_\_\_ TITLE \_\_\_\_\_ 25/2  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
TELEPHONE NUMBER \_\_\_\_\_

Please return to Susan Jane, Peachtree Software International, MSA House, 99 King Street, Maidenhead, Berkshire SL6 1YF. Telephone Maidenhead (0628) 71011 Telex: 847400 MSAUK G. MSA (Management Science America) Ltd is a subsidiary of Management Science America Inc. AN AMERICAN COMPANY





**JOBS COLUMN**

**Better signs for managers and specialists**

BY MICHAEL DIXON

THE WORST seems to be over for most managerial and specialist staff in Britain, as is shown by the accompanying table. It is based on the number of experienced higher-grade workers registered as unemployed with the Government's Professional and Executive Recruitment agency, and charts the progress of this sector of unemployment over the past 16 months.

I have taken that, rather than 12 months, as the time-scale so as to include what surely must be a record jump in redundancies which occurred between October 1980 and February last year.

The stark fact that there are now nearly nine managers and specialist jobless for every four in that sad state 16 months ago is shown by the table's bottom line. (The totals are greater than the sum of the detailed figures because I have excluded from the upper part the few staff categories in which there are fewer than 1,000 people out of work.)

But the bulk of the increase came in that first four-month period when unemployment more than doubled among draughts-men and -women, biologists, and data-processing staff.

The trends since then are indicated by the last four columns of percentage figures (which since they are cumulative on one another from the left, do not add up to the 16-month percentage increase in the third column of figures).

	Registered unemployed		% increase	% change in each 4-month period			
	Feb. '82	Oct. '80		Oct. '80	Feb. '81	June '81	Oct. '81
Data-processing	3,583	1,033	246.9	+101.2	+32.7	+19.9	+8.3
Biologists	1,017	311	227.0	+105.8	+3.1	+24.8	+23.4
Draughtspeople	3,857	1,190	224.1	+133.9	+26.0	+4.7	+3.0
Engineers and technologists	9,324	3,257	186.3	+34.9	+28.5	+11.9	+6.6
Technical and scientific support	8,526	3,241	163.1	+71.1	+26.5	+11.5	+9.0
Aircraft and ships' officers	1,206	486	148.1	+62.5	+13.9	+4.2	+2.7
Accountants	4,477	1,806	147.9	+64.5	+26.3	+11.9	+6.6
Estate agents, etc.	2,572	1,089	138.0	+63.6	+13.4	+16.0	+10.6
Social and health staff	5,868	2,486	136.0	+50.0	+10.9	+32.4	+7.1
Administration and other non-production managers	26,737	11,357	135.4	+65.0	+20.5	+7.3	+10.4
Chemists, physicists, etc.	2,127	909	134.0	+52.8	+20.7	+11.8	+13.6
Personnel staff	2,522	1,088	131.8	+61.9	+17.4	+15.1	+6.0
Library, art gallery staff, etc.	6,232	2,738	127.6	+67.7	+13.0	+8.5	+10.7
Town planners and architects	1,023	439	122.9	+55.2	+17.2	+17.5	+9.5
O&M staff and statisticians	1,939	894	116.9	+61.4	+17.7	+11.5	+2.4
Production managers	6,542	3,042	115.1	+60.4	+21.9	+5.9	+3.9
Estimators, etc.	1,710	812	110.6	+46.1	+20.9	+11.9	+6.6
Purchasing staff	2,572	1,230	109.1	+54.6	+23.9	+4.4	+4.6
Sales and marketing staff	17,384	8,351	108.2	+59.6	+16.8	+7.2	+4.2
General managers	2,841	1,499	92.9	+51.2	+20.0	+2.6	+2.5
Teachers	22,339	12,625	76.9	+27.4	+4.2	+43.9	-3.5
All higher-grade unemployed	137,444	61,330	124.1	+57.2	+17.5	+14.9	+5.6

But the bulk of the increase came in that first four-month period when unemployment more than doubled among draughts-men and -women, biologists, and data-processing staff.

The trends since then are indicated by the last four columns of percentage figures (which since they are cumulative on one another from the left, do not add up to the 16-month percentage increase in the third column of figures).

But the bulk of the increase came in that first four-month period when unemployment more than doubled among draughts-men and -women, biologists, and data-processing staff.

And it was 13 per cent higher in the last quarter of 1981 than in the previous three months.

A particularly hopeful sign is the continuing demand for sales and marketing executives, said Garry Long, managing director of MSL group International. "This is a key indicator of an upward swing in the economy."

Readers who are optimists will be further encouraged by 1981 increases of 41 per cent in demand for production executives and of 37 per cent in openings in research, development and design. But while as eager as anyone for good news, the Jobs Column is restraining itself from donning rose-coloured spectacles.

Recruiters Patrick Mills of John Courtis and Partners seeks a systems manager to work mainly from London for an international Christian aid-giving charity which he may not name. (He therefore promises that any applicant who so asks will not be identified to his client without further permission.) But there will be foreign travel and since the charity has a major operation in Germany, working ability in German language is needed.

The recruit will report to the head of the European organisation, and be a member of the international co-ordinating committee concerned with the charity's systems as a whole.

Candidates need first-hand experience of programming and systems analysis, and financial skills enabling them to

negotiate contracts for hardware and so on, and to plan and manage project costs and budgets. They should also be amenable to working in an actively Christian, although non-denominational atmosphere.

Salary about £15,000. Inquiries to Mr Mills at 78 Wigmore Street, London W1H 9DQ; telephone 01-488 6848 or 333 9011.

**Charity systems**

Recruiters Patrick Mills of John Courtis and Partners seeks a systems manager to work mainly from London for an international Christian aid-giving charity which he may not name. (He therefore promises that any applicant who so asks will not be identified to his client without further permission.) But there will be foreign travel and since the charity has a major operation in Germany, working ability in German language is needed.

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Candidates need first-hand experience of programming and systems analysis, and financial skills enabling them to

**Telecoms**

CHARLES WALKER of Charles Barker Management Selection wants a professionally qualified telecommunications engineer to work in Walton-on-Thames as assistant director of the subsidiary of the British Electro-technical Approvals Board, which will authenticate equipment for supply to British Telecom.

The newcomer will be responsible for managing the subsidiary's technical operations. Candidates need thorough knowledge of modern technology as applied to the whole range of telecommunications, and experience of technical management in the associated manufacturing industry.

Salary up to £19,000 or so, with car among perks. Inquiries to Mr Walker at 30 Farringdon Street, London EC4A 4EA; tel 01-236 3011, telex 883588.

**Management Audit.**

London or NW to £15,000+ car

A group with well-known engineering products and a large and growing export business wishes to strengthen the quality and range of its financial, administrative, and management practices. Two group management auditors are to be appointed, one based in London and one in the North West. Each will report to the Group Finance Director. There is potential for future career progression in finance or general management.

Appointees will have had direct experience of first class financial management in an engineering environment, possibly in UK subsidiaries of US-controlled and influenced companies. They will need independent and mature personalities and be effective negotiators. It is unlikely that anyone under 30 will have had the necessary management exposure, neither is it likely that anyone without formal financial qualifications and sound work experience will be appointed.

Please write, immediately and in strict confidence, with clear but brief details of how you meet these criteria, quoting reference 410/FT to: John Courtis and Partners, 78 Wigmore Street, London W1H 9DQ.

**John Courtis and Partners**

**Senior Planning Manager**  
Strategic Planning  
MBA  
to £17,500

One of the largest UK public groups wishes to appoint a Senior Planning Manager. The successful candidate will join a key department which is central to the group's future development. Candidates, ideally MBAs in their early thirties, must have several years' experience of strategic planning at the headquarter of a large company. Comprehensive expertise in sophisticated planning methods is essential. Salary is negotiable with some flexibility at the upper end of the scale. Fringe benefits are very attractive. Location London.

Please write in confidence, quoting reference 2305/L, to N.P. Halsey, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.  
Executive Selection Division

**Director of finance and administration**  
West Middlesex, c £25,000

For a long established diverse group with international manufacturing and trading interests in electronics, engineering and associated contracting and service industries.

Working closely with the Chairman you will assume full responsibility for the group financial and secretarial functions. Additionally you will be expected to make a major contribution towards the formulation of business and organisational strategies in an entrepreneurial environment. You will provide guidance on financial and accounting policies to subsidiaries which operate on a decentralised divisional basis. The corporate HQ team is small and you must be used to working with minimal supporting staff. It is unlikely that anyone below the age of 40 will have the necessary personal stature and breadth of experience.

Replies to E J Robins, quoting R065, to the London address below.

**Financial controller**  
Kent, c £16,000, car + excellent benefits

For an established London market insurance company with a premium income of £40 million, the subsidiary of a major European insurance group.

Reporting to the Managing Director, you will occupy the senior financial position in the company. Whilst the emphasis will be on the development of management information, equally important will be the contribution you will be expected to make to planning the growth of the business.

You should be a Chartered Accountant with several years' commercial or industrial experience. An insurance background is not essential but career prospects are unusually good for a candidate with commitment to the future of the industry.

Replies to S J D Blarney, quoting B022, to the London address below.

**Kentucky Fried Chicken. Business Analyst**  
Up to £14,000 + car + benefits

Kentucky Fried Chicken, the world's leading U.S. fast food operator, is expanding its financial function in London to support rapid growth throughout the Region, comprising Europe, Middle-East and Africa.

The Business Analyst will report directly to the Regional Financial Controller. Principal responsibilities will include preparation of strategic and operating plans; establishing financial controls and procedures; tracking actual versus planned performance; evaluating capital investment projects; participating in ad hoc projects.

The ideal candidate will combine the following characteristics:

- Qualified Accountant or MBA with 2 to 4 years business experience.
- Track record that clearly demonstrates a high level of achievement in the above disciplines.
- Familiarity with computerized systems.
- Toughness of character, numeracy, persuasiveness, and ability to work well under high pressure.

Replies in confidence, quoting Ref ER 528/FT to:  
J. J. Cutmore, Executive Selection, Arthur Young Management Services, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Equal Opportunity Employer M/F

**Financial controller**  
West Yorkshire, c £16,000 + car

Our client is looking for a profit-oriented accountant to play a leading role in the exciting expansion plans of a well established profitable privately owned diverse group.

Reporting to the Chairman, your initial responsibilities would be for the establishment of management information systems for the distribution and retail activities. You would also be expected to make a major contribution to the assessment of new business opportunities.

You should be aged around 35, qualified, commercially aware and able to motivate others. Retail sector experience would be an advantage.

Replies to V L Luck, quoting L201, to the Leeds address below.

Coopers & Lybrand associates  
Coopers & Lybrand Associates Limited  
management consultants  
Shelley House Noble Street  
London EC2V 7DQ

Scottish Mutual House  
Park Row Leeds LS1 5JG  
Highland House Waterloo Street  
Glasgow G2 7DB

Executive Selection Division

**Accountants for consultancy**  
Scotland, to £16,000

We are one of the largest British international management and economic consultancies. Arising from the rapid expansion of our consulting practice in Scotland we require further outstanding accountants, aged 28-34 currently working in manufacturing industry who now wish to broaden their careers.

We would expect candidates to have exposure in a substantial organisation to:

- management information systems
- financial analysis and control
- budgeting and corporate planning
- computer based systems.

We offer:

- a wide range of challenging assignments particularly in systems design and implementation
- the opportunity to work in multi-discipline teams
- rapid career and earnings progression
- a base in Edinburgh or Glasgow.

Replies to IR Bodie, quoting M982, to the Glasgow address below.

**Financial Director**  
Hampshire £16,000 + car

The U.K. instrumentation division of a substantial U.S. group manufactures and markets high technology products for the European industrial and aerospace markets. Following a major investment programme, growth prospects are excellent.

The position carries responsibility for the entire finance and accounting function with emphasis on ensuring more efficient use of the company's resources through soundly based financial planning and control.

Applicants (male or female) should be qualified accountants with 3-5 years' experience as a financial manager in a manufacturing company, a successful record in management information systems, and the personality and ability to justify a Board appointment.

Please apply with full career details to the Confidential Reply Service, Reference AEF 334, Austin Knight Limited, 66a High Street, Egham, Surrey TW20 9EY.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

**Austin Knight Advertising**

**ELECTRICAL/ELECTRONICS SECTOR**

**Senior Analyst or Analyst**

We are a major firm of London Stockbrokers and are looking for an established electrical/electronics/defence analyst with extensive company knowledge to join us. He/she will take immediate full responsibility for half the sector—widely defined.

In the absence of such a senior candidate, we would recruit an analyst with 2/3 years experience—most likely within the sector. He/she would need to be ambitious and ready to build on an existing expertise and contact base, as well as to work in with a team specialising in other market sectors. A younger person, currently with an investment institution, but keen to join a go-ahead equity team, could find this a very attractive and well-timed opportunity.

Remuneration will be based on qualifications and experience. Applications, which will be treated in the strictest confidence, should be sent with a curriculum vitae to Box A7768, Financial Times, 10 Cannon Street EC4P 4BY.

**Financial Manager**  
£17,000+ car etc.

Our client, a distribution company selling exclusive consumer durable goods on a national basis, wish to appoint a Financial Manager who will be based at their London office following an introductory period at various European locations belonging to the parent company.

The Financial Manager will report directly to the UK Managing Director and be responsible for all financial and accounting matters and the co-ordination of the company's EDP development programme.

The successful candidate is likely to be a chartered accountant aged 28 to 40 with a minimum of 5 years post qualifying experience in a commercial organisation using modern planning and budgeting procedures.

Commencing remuneration will be £17,000 together with a car and other benefits.

Candidates, male or female, can make application by quoting reference MCS/7053 and requesting a personal history form from Michael R. Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

**P. Price Waterhouse Associates**

**SENIOR ACCOUNT EXECUTIVE (FINANCIAL)**  
c. £3,800 + generous bonus, car, pension scheme, expenses to cover, using home as base and other fringe benefits

Thomson Regional Newspapers Ltd. are looking for a resourceful self-motivated senior executive to sell financial announcements in their group of newspapers. Titles include The Scotsman, the leading Scottish newspaper for financial advertising.

The successful applicant will live in or near London and be on the telephone. He or she will be responsible to the head office in Reading but will liaise with the advertisement managers of the publishing centres.

If you feel mature enough to negotiate at board level but you are not over 40, with a suitable background in finance or advertising or both, send us a brief note in the strictest confidence for an application form to:

Eric Lowe, Group Advertisement Controller  
THOMSON REGIONAL NEWSPAPERS LIMITED  
Greater London House, Hauxton Road, London NW1 7SH

**CORNWALL TRURO HIGH SCHOOL BURSAR**  
(G.A. & G.C.S.A.)  
546 Day and Evening Girls Aged 7-18  
Applications are invited for the post of Bursar in accordance with the terms of the agreement with the Cornwall Education Authority. The post is a full-time position with the aim of this Church of England Independent School.

Salary in accordance with qualifications and experience.

Full details and application form from: Mrs Peter S. Tidmarsh, Education Officer, Truro High School, Truro, Cornwall TR1 2HU



## Director of Finance

*Negotiable over £20,000 + car*

**London**

The interests of this U.K. subsidiary of a diverse international group lie in the direct marketing of a range of consumer products. The company is well established and one of the leaders in its field. The successful candidate will take responsibility for all financial and accounting functions, with medium-term prospects of moving into general management. Candidates should therefore be Chartered Accountants with unusual commercial acumen. Experience in a similar environment would be an advantage.

Please write in confidence, quoting reference 2844/L, to N.P. Halsey, 165 Queen Victoria Street, Blackfriars, London, EC4Y 3PD.

Peat, Marwick, Mitchell & Co.  
Executive Selection Division

## Finance Director

*University of Aberdeen*

**£20,000 plus benefits**

The University of Aberdeen seeks a Director of outstanding calibre who recognises and possesses the personal skills necessary for working successfully with both academic and administrative staff.

Reporting to the Secretary, responsibility is to manage the finance section and related DP facilities. Strengthening controls, and advising on financial policy and planning will be major tasks. Extension of computer activities will add to the challenge.

Candidates must be qualified accountants, probably aged 37-50, with substantial experience in financial management, computerised systems and, preferably, committee work. A practical, imaginative approach to problem solving is required, together with commercial acumen, enthusiasm, tact and determination.

Please write with full career and personal details to Geoffrey Thiel, Adviser to the University, quoting reference 1035/FT on both envelope and letter.

**Deloitte Haskins + Sells**  
Management Consultants  
128 Queen Victoria Street, London EC4P 4JX

### AGENTS wanted

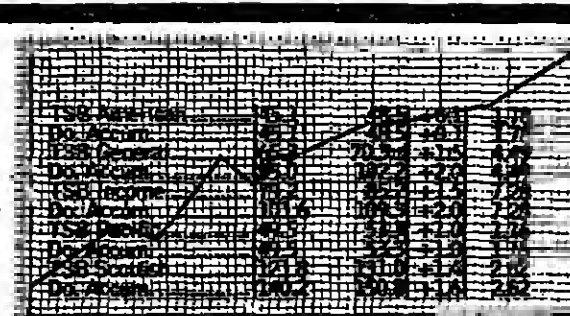
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Essential requirements are for a professional and entrepreneurial Manager with around 10 years' experience in both the creative and technical fields of Unit Trusts. Strong evidence of initiative, leadership and communication skills is vital in view of the key role of this new position.

Generous benefits include: Car, mortgage subsidy, free life insurance, pension, profit-sharing scheme and valuable relocation package.

For further details and an application form please contact:

**Alan Willis,**  
Personnel Manager,  
P.O. Box 3,  
Keens House,  
Andover, Hampshire.  
Tel. (0264) 62188  
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<b>FINANCIAL CONTROLLER</b> c£12,000 neg. As part of an intensive computerisation and decentralisation programme, a leading insurance brokers is seeking to recruit a Financial Controller for its operating company. This new position would suit ambitious ACA, looking to further their commercial experience, on a clear career path to senior management. S.W. London.		<b>FINANCE DIRECTOR</b> c£12,000 + Car Ready for a full charge role? If you're a qualified ACA/ACCA, aged 25-35, with broad based experience, you could make your mark with this expanding import/distribution outfit. Reporting directly to the Chairman, you will keep a tight rein on cashflow and develop the already computerised systems. W. End.

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Responsibility will be to the Group Finance Director. The incumbent will inherit a team of two dozen auditors who, to minimise travel, are spread over locations in England, Scotland and Wales.

The requirement is for a chartered accountant who qualified with one of the larger firms, who is strong on systems design and who has a robust personality.

Age in the thirties. Salary negotiable around £15,000 plus car, BUPA and staff discount. Location a residential district to the South East of London.

Please write in confidence for a description of the job and an application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY mentioning MGS/3921.

**Price Waterhouse Associates**

## INVESTMENT ECONOMIST

Amex Bank Limited, the Investment subsidiary of American Express Bank, is seeking an Economist to join its Investment Services Department, based in City of London.

Applicants will be expected to support an Investment Management Group with a significant presence in the international money and capital markets. They will be required to identify and comment on investment opportunities, with particular emphasis on currency and interest rates analysis. An ability to communicate investment and advice to the Bank and its clients, is important.

Suitable applicants will probably be in the age group 22/25 and will have a good degree in economics, preferably with post-graduate experience. A second language would be advantageous.

Please apply in writing, giving full particulars, to:

The Manager  
Clients' Investment Services  
**AMEX BANK LIMITED**  
120, Moorgate  
London EC2P 2JY

## Treasury consultancy

**London based, to £17,000+**

To meet the increasing demand from our clients, we are expanding our Treasury Consulting Group and are seeking outstanding candidates who are looking for wider experience and further challenges.

Treasury Consulting is a specialist sector within the Financial Planning and Systems Group, a major component of our management and economic consultancy practice - one of the UK's largest. It involves:-

- studies to determine the effectiveness and scope for improvement of corporate treasury functions
- development and implementation of integrated financial and treasury/cash management information systems for both UK and international environments
- wide-ranging management and economic studies assignments working in conjunction with consultants of other disciplines including marketing, economics, EDP and production.

You must have at least two years' experience of the treasury function in a major organisation and an understanding of international treasury operations; have a flexible, enquiring and creative but practical mind; and the will to succeed. Ideally, you will be a qualified accountant, aged 28-33 and a graduate. There will be travel in the UK and opportunities for short term travel overseas.

Resumes, including a daytime telephone number to Octavia Jennings, Executive Selection Division, quoting Ref. F20/65.

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management consultants  
Shelley House, Noble Street  
London EC2V 7DQ

## Private Clients

### Fund Management c. £15/20,000

Our client, a major stockbroker, has a positive reputation for handling a substantial up-market private client business with flair and distinction. They run a largely discretionary business having a full range of related activities including unit trusts etc. They employ around three hundred people in total.

They seek a person with a minimum of five years experience to look after the day-to-day running of a substantial section of discretionary and non-discretionary business. Age is not important but will be in the broad range 28/42. Personality, background and the ability to develop business in the long term are of key importance.

Basic salary £10,000/£12,000 + Bonus etc. There is scope for Business Introduction and further development towards partnership.

Please write to Digby Dodd at Overton Shirley and Barry, (Management Consultants), 2nd floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1884. Please state any firms in which you are not interested.

**Overton Shirley and Barry OSB**

## U.S. EQUITIES

### Investment Assistant

Our client wishes to recruit a young person to work in an active international equity department, assisting the U.S. equity fund managers, with a view to progressing to fund management within a couple of years.

The ideal candidate will be aged early to mid-twenties, with a degree or professional qualification and with one or two years' experience of investment research, although not necessarily internationally orientated. The job will involve the preparation of analytical reports on U.S. equities, statistical work and general fund management support. Progression could be fairly quick.

Please write to:

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### ASSISTANT MANAGER INTERNATIONAL FUND

An overseas group is seeking an assistant to the director in charge of its multi-currency equity management company. The person should have some knowledge of currency and equity portfolios and possibly some experience of traded options and a degree level of education is required.

Initially the successful applicant will be based in London for a few months pending transfer to the company's French office.

Full details of education and business experience should be sent to:

Box A.788, Financial Times  
10 Cannon Street, EC4P 4BY

## FINANCIAL CONTROLLER

A service industry company with its Headquarters in Dublin is seeking an energetic individual to be responsible for the control of all financial and accounting matters to include budgeting, banking, receivables, financial analyses, data processing and management controls and audits. He/she will head up a team of 25.

Candidates, preferably aged between 30 and 40, must hold a professional accounting qualification and should have had experience in a large public accounting organisation plus 2-3 years' industrial or commercial background involving exposure to large volume transactions and tight reporting deadlines.

An excellent negotiable salary is offered together with a full range of benefits including a company car.

In the first instance, please write with full personal and career details, quoting reference number 748, to the Confidential Reply Manager, T. G. Scott & Sons Limited, 30/32 Southampton Street, London, WC2E 7HR.

Applications will be forwarded to our client direct and treated in the strictest confidence, therefore companies in which you are not interested should be listed separately.

## Finance Director

for a large and renowned British book-publishing Company, to manage the financial elements of its world-wide publishing activities.

This is an unusual opportunity for a younger CA to become closely involved at a senior level in a successful and stimulating international enterprise. Candidates, who must be appropriately qualified, will ideally have had successful experience of business management, preferably, though not essentially, in publishing or in a related area of commercial activity.

The ideal age-range is 28-35; although these limits are not totally rigid. The salary will be negotiated at a highly attractive level, plus car and all the usual benefits.

Please write or telephone in complete confidence to Roger Stacey or Sally Phillips at:

**ASTRON APPOINTMENTS LIMITED**  
(Recruitment Consultants)  
20-24 Uxbridge Street, London W8 7TA  
Tel: 01-229 6423/9171

## Banking Appointments

**ACCOUNTS** Salary: c. £7,500  
A small, but rapidly expanding international merchant bank will require an experienced banking accounts person to take control of the entire accounting function.

The ideal candidate will have the potential to take on more responsibility as the bank grows. Age 23-26.

*Please contact David Little*

**BRANCH MANAGER(S)** Salaries: £10,000  
An interesting and challenging opportunity has arisen with a developing British bank, to manage one of their new branches. We would expect the successful candidate to have: full A.I.B. several years branch banking experience and presently grade IV or V.

This opportunity is in the London area, there is also the possibility of taking over a branch in Wiltshire. Age 27-30.

*Please contact Paul Trumble*

**YOUNG ACCOUNTANT: ACA** Salary: c. £10,000 p.a.  
A successfully leasing company, seek a well motivated and ambitious, recently qualified ACA.

Initially this is for training in the more technical aspects of leasing, but affords the definite opportunity for a marketing role at a later date. Age 24-30.

*Please contact Brian Gooch*

**Jonathan Wren** BANK RECRUITMENT CONSULTANTS  
170 Bishopsgate - London EC2M 4LX - 01 623 1266

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For further details, please call Robert Milne 01-439 4381

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## FINANCE DIRECTOR

West Country

c £30,000 + car

Our client, a major food group, has recently undergone extensive management restructuring to create a more dynamic and competitive approach within the market place.

As part of the restructuring programme, they now wish to recruit an experienced Finance Director with the necessary management, financial and personal skills to participate in, and contribute to, the management and further development of the group.

The successful applicant will work in close liaison with the Managing Director on all matters of commercial policy and will therefore need to be able to demonstrate a successful career record to date. An integral part of his/her role will be to assist the Managing Director in the development of corporate strategies and the longer range business plans necessary for their implementation.

The level of appointment is such that the individual's personal qualities will be of equal importance to his/her technical skills. Essential requirements are a professional accounting qualification and experience of manufacturing and marketing activities. Knowledge of export/international operations and an understanding of economics would be an added advantage.

In the first instance, write enclosing your curriculum vitae to Richard Norman, F.C.A. or Paul Carvoso, M.A. A.C.A. at our London address quoting reference number 3573.

410 Strand FREEPOST London WC2R 0BR.  
Tel: 01-836 9501

26 West Nile Street FREEPOST Glasgow G1 2BR.  
Tel: 041-226 3101.

3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744.

**DOUGLAS LLAMBIA**

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## Chartered Accountant for a senior corporate financial accounting role

Glaxo Operations UK Limited is a principal UK operating company of the Glaxo group, a leading international pharmaceutical group with a successful research record in many therapeutic areas.

Glaxo Operations is the largest-selling ethical pharmaceutical company in the UK, but at the same time, the majority of our manufacturing output is exported.

The finance function at the Company's Head Office at Greenford, Middlesex provides a complete range of accounting services for the Company and for a number of other UK Glaxo companies, including the Research Company. The activities of these various companies cover numerous locations and provide employment for some 12,000 people in the UK. Necessarily, the accounting systems are complex and highly computerised, and currently extensive developments are in hand as computer facilities are upgraded and extended.

We now seek an outstanding professional who will become a senior member of our Financial Accounting team at Greenford and play a leading role in managing and developing the Company's accounting systems.

Our specification for the individual we seek indicates candidates of the highest calibre. He/she will have a successful scholastic record with a university degree, will have qualified as a chartered accountant and have worked for one of the major practices with adequate senior post-qualification experience in the corporate field.

He/she must be technically competent, professionally up to date, articulate and able to communicate at all levels, both verbally and in writing. He/she will be capable of thinking clearly and deeply, but will also be hard-working, enthusiastic and ambitious, with the potential to assume high responsibilities in time.

The immediate remuneration package will be attractive, including London weighting, productivity and profit-related bonuses and a non-contributory pension scheme. If you think you meet our requirements, please write to me, Alan Wina, Site Personnel Manager, Glaxo Operations UK Limited, Greenford Road, Greenford, Middlesex, UB6 0HE, quoting ref. AW/233.

**Glaxo Operations UK LIMITED**

## Banking

International Energy Bank Limited, which is owned by major international banking institutions, is growing. The Bank provides a range of financial services, including advisory services, to clients operating in the energy sector in many countries.

The Bank can offer interesting and rewarding career opportunities to men and women of the highest calibre with relevant experience in banking, merchant banking or the financial sector of the energy industries. Successful candidates should exhibit financial skills and marketing ability. The ability to communicate effectively and accurately at all levels is vital.

Initial appointments will be at middle management or senior analyst level, depending upon experience. Career development will be supported by continuing training.

Remuneration will be at levels which will be attractive to suitably qualified candidates, together with benefits which include concessionary mortgage facilities and non-contributory pension.

The basic requirements are:

### Managers

A sound banking background with first hand experience of project finance, corporate lending or financial advisory tasks. Consideration will also be given to applicants with suitable experience gained within the energy sector, including engineers with experience of project evaluation, budgeting and control. Candidates must be numerate, have a good educational background, preferably with a recognised degree or an equivalent professional qualification in law, accounting or other relevant fields, together with reasonable fluency in at least one foreign language.

Applications for these positions, which will involve substantial travel, are invited from persons aged between 28 to 34 years and with 3 to 6 years experience.

### Senior Analysts

Applicants, in the age range of 24 to 28 years, and preferably with a graduate, business school or professional background, should have undertaken formal training in credit analysis and have had a minimum of 18 months practical experience. Successful candidates must also demonstrate the potential to assume managerial responsibility within two years.

Applications, including a curriculum vitae, should be submitted to: D.C. Jones, Executive Vice President, International Energy Bank Ltd, Winchester House, 100 Old Broad Street, London EC2M 1BE



**International Energy Bank Limited**

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**THE JOURNAL OF EXECUTIVE RECRUITMENT**  
VOLUME 1 No. 2

## Tilney & Co



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We wish to recruit an Institutional Salesman to join our team in Liverpool which already includes two senior emigrés from the City of London.

Our salesmen are backed up by a strong research team covering an expanding range of sectors and we require a resourceful and energetic person, male or female, primarily to improve our service to existing clients, but also to develop new business.

The successful candidate will be aged 25-35 and will appreciate the advantages of working in a city where commuting from country areas is easy, house prices are relatively low and the amenities are excellent.

All enquiries will be dealt with in the strictest confidence.

To apply, telephone Christopher Cannon on 051-236 6000 or STX 55-275 or write to him at 385 Sefton House, Exchange Buildings, Liverpool L2 3RT.

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Candidates must have a proven record of business production from at least one of the major business areas, i.e. U.S.A., Canada, South America, Australia, Far East or Europe.

Candidates should possess a relevant qualification, be aged 30-40 and be available for frequent visits overseas.

Telephone G. J. CLARK ON

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who is advising the company on this appointment

## Managing Director of development capital company

London

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This key appointment is an exciting opportunity to lead a small team in a recently formed £10m development capital company, owned by financial institutions. There is an existing profitable portfolio and adequate funds for further investment. The successful candidate will have several years' experience in this specialist field, will be ideally aged 38-50 and currently earning in excess of £20,000. A professional

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## International Banking

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This specialised tour operating group has through acquisition and development created a unique position in the travel market.

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The successful candidate must be a qualified accountant with substantial commercial and administrative experience who would be attracted to a small, entrepreneurial group.

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Executive Selection Consultants

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Tel: 01-821 6543 or 821 6229.

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**HOLMAN, FENWICK & WILLAN**

Marlow House

Lloyds Avenue, London EC3N 3AL

(Ref: IMM/447)

## ASSISTANT ACCOUNTANT

LIVERPOOL -  
Minimum £11,000

ROYAL INSURANCE is one of the largest international insurance groups in the world, with representation in over 80 countries. An increasingly important part of our business is conducted via Royal Reinsurance Company Limited and it is here that an opportunity has arisen for an experienced, qualified Accountant. Working within our Group Comptroller's Department, based in Liverpool, the successful man or woman will be responsible for managing the accounting of our Inward Treaty business. Primarily, this involves directing and developing our credit control and cash flow systems, along with controlling the input of information and figures for eventual incorporation into published accounts.

Essentially, we are seeking an innovative person with positive leadership qualities. Someone in the 28-35 age range, qualified to A.C.C.A. or A.C.A. level, supported by experience within the Broker, Lloyds or Company Insurance or Reinsurance market. This is an excellent career development opportunity, leading eventually to a wider involvement within the Group's financial operation.

In return we offer a first class benefits package totally in keeping with the expectations of this position. This basically includes low interest mortgage facilities, pension scheme and generous relocation assistance where appropriate.

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As a law graduate, looking for the right opening in International Banking, you will welcome this opportunity to join a successful Consortium Bank in London.

Joining a hand picked team, you will make a contribution to reviewing/formulating loan agreements and drafting documents for submission to senior management. You will be expected to take an active part in business promotion.

You can anticipate a salary c.£5,500 plus

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Are you conscientious, adaptable and ambitious? Then, telephone or preferably write to Mark Lockett at Cripps, Sears & Associates (Personnel Consultants), 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701 (24 hours).

## Cripps, Sears

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PLEASE TELEPHONE:  
01-734 6551

## BUSINESS DEVELOPMENT

A major Brazilian Bank in London is expanding its international business development activity. It is seeking, therefore, to recruit a business development officer, who should be in the 25-35 age group and have had at least 5-8 years' banking experience. Candidates are expected to possess initiative and ambition as the position offers considerable scope for advancement within the Bank's Group. The post is London-based but the successful candidate will be required to visit companies in the United Kingdom and in Europe. A working knowledge of French or Portuguese will be an advantage.

The Bank offers competitive salaries.

Applications which will be treated in strictest confidence should be sent to Box A7771, Financial Times, 10 Cannon Street, EC4P 4BY.

## EUROBOND TRADER Amex Bank Limited

We need a keen individual with knowledge of Euro Securities and a readiness to learn, to strengthen our trading operation in LONDON.

Excellent salary with usual Bank fringe benefits.

Please apply in writing to:

Mr. E. J. Ralph  
Assistant Vice-President—Personnel  
AMEX BANK LIMITED  
Voyager House  
253/257 High Street North  
Poole BH15 1DW



# Group Financial Analysis

London under 30

Our client seeks to strengthen the central finance function of this engineering conglomerate by appointing two able financial analysts each reporting to the Group Financial Controller. The group has moved steadily towards more sophisticated financial analysis and control under the influence of top management well versed in the best financial practice.

Candidates will have had a sound grounding in financial analysis, and yet be willing and able to work initially with data from traditional accounting systems. A practical background in works or cost accounting or systems development could be useful. People of the ability required are likely to be under 30, qualified accountants or have MBAs with finance as a speciality. Salary will be in a range to £15,000.

Please write briefly, in strict confidence, explaining why we should consider you. Quote reference J05/FT, and mail to: John Curtis and Partners, 78 Wigmore Street, London W1H 9DQ.

**John Curtis and Partners**

# Controller Operations Manager

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This new company has excellent potential in servicing specialised sectors of investment banking. Strongly funded, it will advise its offshore parent on equity investments, syndications and real estate opportunities on an international scale. The objective is for ambitious growth leading to becoming a significant force in international finance.

As part of a professional senior management team, the job is to set up and manage a high calibre, responsive back-up service. Taking full responsibility for accounting, personnel and administration, there will be involvement with systems development and multi-currency activities. Beyond this there will be opportunity for participation in investment decisions.

Candidates must be Chartered Accountants, aged mid to late thirties. They will be truly professional with high technical and personal standards. Successful relevant experience in merchant banking or other City environments would be an advantage. Creativity, maturity and flexibility are prerequisites for success.

Please reply in confidence giving concise career and personal details and quoting Ref. ER527/FT to I.D. Tomison, Executive Selection.

**AMS** Arthur Young Management Services  
Rolls House, 7 Rolls Buildings  
Fetter Lane, London EC4A 1NL

A member of the AMSA Group in Europe and of Arthur Young International

# Manager, Accounting Services

Swindon

c.£20,000+car and substantial benefits

A well known and long established national retail organisation is looking for an exceptionally able accountant to manage the large and sophisticated accounting services function of its retail group. Reporting to the Divisional Director, the person appointed will be aged 37-45, a chartered accountant with a good degree and with several years' experience at senior level in large well run retail organisations. An understanding of highly developed computer systems and the ability to motivate staff are essential. An attractive compensation package will be negotiated and future prospects are excellent. For an application form, please write in confidence to M.R.P. Blackenlagan, 165 Queen Victoria Street, London, EC4A 3PD, showing how you meet the specifications for this appointment and quoting reference 4485/L.

Feat, Marwick, Mitchell & Co  
Executive Selection Division

# Investment Analyst Major Institution

Our client, a leading Institution in the City with funds in many markets, seeks an Analyst of high calibre who wishes to specialise in the Japanese market. The successful candidate will be a graduate aged 22 to 25 with a sound record of investment research gained over one to three years within a Stockbroker or Institution. Knowledge of the Japanese market would be an asset but proven analytical ability and a keen interest in Japan are more important. Working closely with the fund managers the position involves taking over responsibility for the coverage of the Japanese market and contributing recommendations towards the management of the fund. The remunerative package, of salary plus benefits, will be attractive to the right individual. Please contact Anthony Innes or Stephen Embleton, who will treat all enquiries in the strictest of confidence.

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International Recruitment Consultants  
44 Carter Lane, London EC4A 3BX. 01-236 7307

# Group Accountant

around £15,000 plus car

This senior accounting post at the centre of a major publicly quoted group of companies encompasses monthly and year end consolidations, taxation, involvement with treasury matters and the effective operation of a small Head Office Accounts Department. Reporting to the Financial Director, the Group Accountant will also carry out the important task of monitoring and interpreting the financial performance of UK and overseas subsidiaries.

Qualified accountants, ideally aged 30 to 35, will need to have supplemented their professional training with industrial experience. Familiarity with accounting standards, auditing techniques and consolidations is essential. Candidates, of either sex, will have already indicated their business acumen

in successfully handling discussions at a senior level and in showing the capacity to see the facts behind the figures. Salary is negotiable around £15,000 plus car and the usual fringe benefits. Assistance will be given towards costs of relocating to South Yorkshire.

Write or telephone for an application form or send brief c.v. to the address below, quoting ref: AA33/7909/FT on both letter and envelope, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

**PA Personnel Services**

Norwich Union House, 73/79 King Street, Manchester M2 2JL. Tel: 061 236 4531



A member of PA International

## FINANCIAL CONTROLLER

TOURISM - £14,000

Our client, an expanding London based company operating tours to Portugal, requires a Financial Controller. ACA/ACCA with 4 years p.d. experience essential. Preferred age 28-35. Applicants should have sound knowledge of budgeting, cash flow, systems including computers, intrapersonal flair and potential to develop with the company. Travel company experience desirable. Please apply with cv to: A.T.S.C. Simpson, Sussacott & Co. Salisbury Square House 8 Salisbury Sq, London EC4A 3BH

## APPOINTMENTS WANTED

CHAUFFEURS, ROLLS-ROYCE trained, seek posts UK and abroad. Frs Consultants, 7, High St., Aldershot, Hants. Tel. 0252 512569.

# Touche Ross & Co., Management Consultants

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Please write in confidence, with full career details to:

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Director of Personnel,  
Hill Samuel & Co. Limited,  
100 Wood Street, London EC2P 2AJ

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Write applications, with a full curriculum vitae, should be sent in confidence to:-  
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**Jonathan Wren** BANK RECRUITMENT CONSULTANTS  
170 Bishopsgate, London EC2M 4LX 01-623 1200

John Curtis



# International Appointments

## BANKING MANAGER

Saudi Arabia £25,000 + tax free  
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## NPA Middle East Recruitment

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## LEADING FINANCIAL INSTITUTION IN SAUDI ARABIA SEEKS

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Minimum 12 years banking experience with emphasis on general operations to include foreign exchange settlements, documentary credits and bills, guarantees and loan administration. General familiarity with data processing regional and multi-branch banking.

### Foreign Exchange Settlements Supervisor

Reporting to chief accountant, applicants to have good understanding of all aspects of spot and forward foreign exchange dealing and have at least three years experience in settlements as well as four or five years general operations experience.

### Loans And Bills Supervisor

Reporting to chief accountant, responsible for loan administration, to include syndicated loans, advances, documentary credits and guarantees. Applicants should have at least eight years experience in the above areas.

Tax-free salaries, free accommodation and an attractive benefits package will be offered to successful applicants.

Please reply in confidence to: Mr. Alan Wood,

8, Crosby Square, London EC3A 6AN.

All interviews will be held in London.

## GENERAL MANAGER

FINANCE COMPANY  
Middle East

A leading finance company owned by major Arab financial and government institutions in the Gulf States requires a General Manager for a newly established joint venture operation.

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Please send replies in confidence to: Box A.7770  
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Applicants must be qualified, experienced Accountants under 40 with, ideally, a knowledge of the construction industry.

In return we offer a generous remuneration package including free air passages for the appointee and immediate dependents, relocation and settling-in allowances, company car, etc. Both countries provide good schooling together with outstanding recreational facilities with the accent on outdoor pursuits.

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Please send full personal and career details (including phone number and, if possible, a recent photograph) in confidence to: Mr. M. P. Douglas, Multi Construction (UK) Limited, Roberts House, 59 Dunsford Road, Wimbledon, London SW19 8HX, where interviews will be conducted.



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**THE ACCOUNTANT.** This is a management position reporting to the Manager—Insurance Services. The successful applicant will be responsible for the preparation of the financial statements of insurance companies under management and the co-ordinating of accounting activities in the Insurance Services Division. Applications will be entertained only from those persons holding a recognised accounting qualification and having experience of compiling or auditing insurance company accounts. Salary will be according to experience but not less than £17,500 p.a. tax free.

**THE ADMINISTRATOR.** The applicant must have a minimum of five years' experience in insurance, banking or company secretarial fields and hold A.I.B., A.C.I.S., A.C.I.I. or similar qualification. The salary will be not less than £15,000 p.a. tax free.

Additional benefits applicable to both positions include pension funds, group life insurance, medical plans, four weeks' annual leave with air fares paid to U.K. and relocation allowance.

Interviews will be held in London, or other cities if necessary, in March/April but in the first instance applications to include full details of qualifications and previous experience should be sent airmail to the Managing Director, The Bank of Nova Scotia Trust Company (Cayman) Limited, P.O. Box 501, Grand Cayman, British West Indies.

## DIRECTOR OF SALES

Our client is a major international petrochemical group. Their head office, based in Switzerland, as well as their regional offices throughout Europe require to fill several extremely important positions:

For this key position, candidates should have a university degree or equivalent in chemistry or chemical engineering, and at least ten years experience preferably acquired with a major international chemical company. He will be responsible for European sales activities, at present exceeding one billion dollars. As key member of the marketing organization, he will report directly to the Vice President-Marketing. Outstanding abilities in motivating a team and in the organization and control of a European network of sales offices are essential. A remuneration package commensurate with this responsible position will be offered to the successful candidate. For this Swiss-based position preference will be given to Swiss nationals or holders of a valid Swiss work permit.

## PRODUCT MARKETING MANAGERS

Several highly motivated executives are required to take responsibility for a range of petrochemical products. Reporting to the Marketing Director, candidates should have a degree in chemistry or chemical engineering and have at least five years experience, preferably with a leading international company. An attractive remuneration package and outstanding career prospects will be offered to successful candidates. Preference is given to Swiss nationals or holders of a valid Swiss work permit.

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As a result of the extensive expansion program of its sales offices network, covering all major European cities, the group created important vacancies for sales professionals with drive and initiative. Based in those cities as either Regional Sales Managers or Regional Sales Representatives, they should have acquired a sound experience with a petrochemical or a chemical multi-national group. An attractive remuneration package is offered in each country. Applications (including c.v. and photograph) should be sent to UNIVERSAL-McCann C., Haddon House, 2/4 Fitzroy Street, P.O. Box W1A 1AT, LONDON W1A 1AT, ENGLAND, who will transmit confidentially, under ref. 822.2.

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Please write with full details of your qualifications and experience to Alan Hazlewood, Staff Officer, Freeman Fox & Partners, 25 Victoria Street (South Block), London SW1H 0EX.



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A leading Kuwait-based Investment Company with interests and affiliates worldwide requires for its head office an Investment Manager.

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Please send CV in strictest confidence to: Box A7767, Financial Times, 10 Cannon Street, EC4P 4BY.

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## محلّون للشؤون المالية

مرتبات عالية وامتيازات كاملة  
إن عملنا هو مؤسسة كويتية منتشرة في اقطار عديدة لها نشاطات تجارية في جميع أنحاء العالم، ويصل رقم مبيعاتها حوالي 50 مليون دولار. وقد أدت حركة التوسع والترقيات داخل المجموعة إلى خلق عدد من الشواغر.

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مسؤولون عن تنمية الإدراك بسوق السندات المالية للكويت/الخليج، وسوق العقارات الكويتية، والسياسات الضريبية والسياسية للحكومة، وأسواق البضائع والمعادن، وعلاقتها بالنشاطات التجارية التقليدية الحالية. ويوفرون تحليلات لهذه النشاطات والتقسيمات والتوصيات التي تساعد الإدارة على اتخاذ القرارات فيما يتعلق بالاستثمارات الجديدة، حتى ولو تعارضت هذه مع التفكير السائد.

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محلّو تطورات الأعمال  
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يجب ارسال البيانات عن سيرة الحياة الشخصية والمهنية مكتوبة بالانجليزية الى:

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Sutherland House,  
5/6 Argyll Street,  
London W1E 6EZ, England

مع ذكر رقم الاشارة: 22307 Ref:

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The salary is tax free and the package includes furnished accommodation or housing allowance, car and other usual benefits. Contract duration is unlimited. Please send a comprehensive career résumé, including salary history, quoting reference 2047, to G. J. Perkins.

Touche Ross & Co, Management Consultants

Hill House, 1 Little New Street, London ECA 4 3TR.  
Tel: 01-353 8011.

A member of the Management Consultants Association.

## Financial Controller BARBADOS

c.£15,000 + car and benefits

● A prestigious and substantial resort/hotel/apartment complex in Barbados wishes to recruit a young, ambitious, qualified Accountant to act as Financial Controller for its expanding and profitable operations.

● The successful applicant will probably be aged between 25 and 35, either single or married, have a pleasant, outgoing personality, with the ability to liaise at all levels. Experience of the hotel industry, either in the profession or in commerce, would be a major advantage.

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Please telephone or write to S.W.J. Adamson FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: Hitchin (0462) 55303.



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Executive Search and Selection



BBC 1

6.40-7.30 am Open University (uhf only), 9.05 For Schools, Colleges, 12.30 pm News After Noon, 1.00 Pebble Mill at One, 1.45 King, Rollo, 1.50 Brice-Brace, 2.00 You and Me, 2.15 For Schools, Colleges, 2.15 Holiday with Cliff Michelmore, 3.53 Regional News for England (except London), 3.55 Play School, 4.20 Pixie and Dixie, 4.25 Jackanory, 4.40 Buckle-berry Finn and his Friends, 5.05 John Cravo's Newsround, 5.10 Blue Peter, 5.40 News, 6.00 Regional News Magazines, 6.25 Nationwide, 6.55 Tomorrow's World, 7.20 Top of the Pops with Dave Lee Travis, 8.00 The Kenny Everett Television Show, 8.30 Goodbye Mr Kent, starring Ring Lardner, Brian and Hannah Gordon, 9.00 News, 9.25 Shoestring, starring Trevor Eve, 10.15 Question Time with Robin Day, 11.15 Top Sailing (The Freedom Rig), 11.45-11.50 News Headlines.

TELEVISION

Chris Dunkley: Tonight's Choice

In these days of the megabuck (which now seems to be the standard television term for large quantities of pound notes) it makes a refreshing change to find somebody with his own name attached to a series moving from ITV to the BBC, though it is predictable, perhaps, that it should be Kenny Everett who is swimming against the tide. The Kenny Everett Television Show, which starts an eight-part series on BBC-1, sounds like being pretty similar to his recent ITV series, complete with Sid Snoot and Marcel, though without Captain Kremmen. If he can explain the marvelous bad taste of the "Shoot The Dog" game show in his BBC-1 Christmas programme, it will be worth watching.

Given the sheer extent of the Second World War and the numbers involved in fighting it, perhaps it is not surprising that revelations about individual incidents are still being made nearly 40 years later, we shall never know the whole truth, I suppose. Forty Minutes on BBC2 fills in another nasty little corner tonight when Alan Patient investigates the court-martial of 192 British soldiers who were arrested in Italy in 1943 and found guilty of mutiny.

BBC 2

6.40-7.55 am Open University, 11.00 Play School, 12.00-12.50 pm Open University, 3.55 Murgeridge: Ancient and Modern, 4.50 Caught in Time, 5.10 Paris Exhibition 1980, 5.40 Laurel and Hardy in "Scram", 6.00 All Creatures Great and Small, 6.55 County Hall, 7.20 News Summary, 7.25 History on Your Doorstep, 7.50 The Shogun Inheritance, 8.30 Russell Harty, 8.50 Call My Bluff, 9.30 Forty Minutes, 10.10 Kyung-Wha Chung Plays Bach, 10.45 Newsnight, 11.30-12.15 am The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes (half-term repeats), 12.00 The Woods, 12.10 pm Get Up and Go!, 12.30 The Sullivans, 1.00 News, plus FT Index, 1.20 Thames News with Robin Houston, 1.30 Take The High Road, 2.00 After Noon Plus presented by Judith Chalmers and Trevor Hyett, 2.45 The Gate of Eden, 3.45 How's Your Father?, 4.15 Dr Snuggles, 4.30 Little House on the Prairie, 5.15 Emmerdale Farm, 5.45 News, 6.00 Thames News, 6.30 Thames Sport: Simoo Reed and Allan Taylor reflect the sporting scene at home and abroad, 7.00 Does The Team Think? Tim Brooke Taylor is the chairman and the panel consists of Beryl Reid, Jimmy Edwards, Frankie Howerd and William Rushton, 7.30 Rising Damp, 8.00 Falcon Crest, 8.00 Shelley, starring Hywel Ewan, 9.30 TV Eye, 10.00 News, 10.30 Danger UXE, starring Anthony Andrews, 11.30 Parents and Teenagers, 12.00 am What the Papers Say, 12.15 Close: Sit Up and Listen with Robert Kilroy-Silk MP, † Candidates programme in black and white.

BUSINESS LAW

Overseas effects of nationalisation

By A. H. HERMANN, Legal Correspondent

"INSPIRED" IS probably the right word to describe the timing of the conference held last week in Paris by the Institute of International Business Law and Practice, a branch of the International Chamber of Commerce. The nationalisation laws appeared in the Journal Officiel during the preceding weekend, and the conference opened immediately after the Government appointed captains to the newly nationalised fleet of French industry and banking. The subject of the conference was "The Nationalisation of Enterprises". The main concern of those taking part was the fate of the foreign holdings of the nationalised French companies.

Not that anyone would have advertised this concern too loudly, indeed, such was the reticence of the faculty that the French nationalisation moves were not even mentioned during the first session. However, the reticence did not last long. At the end of the second day French academics were up in arms when a Swiss attorney foreshadowed the possibility that Swiss courts might not recognise the transfer of ownership of Swiss subsidiaries, branches and other holdings of the nationalised banks and industrial groups.

The excitement was hardly justified. The French have performed their nationalisation procure with elegance, and those who would like to attack its extraterritorial consequences have no legal leg to stand on. That is, so long as they limit themselves, as those at the Paris conference did, to arguments based on the requirements of legitimacy, non-discrimination and compensation.

However, one might view the whole operation as a huge merger. Because of this, it paid to endure an excessively long and meandering lecture by Professor Joe Verhoeven of the University of Louvain. One of the young generation of academics who try to replace law by political science, he came closest to identifying the real issue: the problems created by a nationalisation of this sort will have to be solved by finding a balance between the requirements of economic independence and those of international co-operation. The majority of speakers sounded as if they held a brief for the French Government, so pessimistic were they about the

legal defences available to those who might seek to limit the consequences of the nationalisation to France. They argued that nothing could prevent the effects also reaching other states where the nationalised enterprises have their organisational networks, patents, trade marks and other assets. Ostensibly nothing has changed to the ownership of these assets. The nationalisation of the parent companies has not been carried out by an expropriation of assets but by an orderly takeover of shares from private owners — state-controlled enterprises and institutions retain their present shareholding — in exchange for a promise of fairly generous compensation in the form of government guaranteed paper bearing interest which will move up and down with the current rates and is repayable in the course of 25 years.

This sort of nationalisation is a far cry from the confiscatory expropriations of property situated on West German territory, as the conference was told by Professor Ignaz Seidl-Hohenveldern of Vienna, who has devoted a lifetime to the study of nationalisations and confiscations. So much was to be said on the instruments available in German company law that the conference com-

pletely omitted to consider the very great powers of the Cartel Office which can bar acquisitions and other structural changes in large-scale industry. English law does not seem to be so well prepared for such contingencies. Professor K. Lipton of Cambridge, who gave the conference a detailed account of English case law, concluded that at present the expropriation of shares in the French parent company would not affect the position of its assets in England. The fact that the French company was now state-owned would change nothing in its ownership of shares in an English subsidiary.

But what if the French state, as the majority shareholder in an English company, oppressed its minority shareholders? The usual means would be available for their defence, but there were no specific provisions which would affect the shareholding of a nationalised foreign company. So it seems that French nationalisations will not bring much business to English lawyers unless, of course, the Monopolies and Mergers Commission is asked to consider the subject.

RACING

By DOMINIC WIGAN

THERE ARE not many runners for either the Kingwell Pattern Hurdle or the Jim Ford Challenge Cup at Wincanton this afternoon. Both races, however, offer plenty of interest to West Country racegoers, with the chase having attracted Border Incident and the Pattern Hurdle having been selected for Walnut Wonder's fifth race in under a month.

A win for Border Incident on a course on which the injury-prone veteran has excelled would be far the most popular result of the day, one to set the ante-post departments buzzing. It is, following his dismal showing at Kempton three weeks ago, not one I can envisage. At Kempton, Border Incident fully three-quarters of a mile from home in the Freshfields Chase and drew this closing comment from the

Chaseform-Notebook: "It must be accepted that he is a light of past days."

Pulled up there, Border Incident is unlikely to trouble Henry Bishop unless he can return to the form which saw him falling honourably under top weight against Stopped in last season's Hermitage chase. "The best horse in my stable," according to Josh Clifford, Henry Bishop lines up for today's three-mile-one-furlong test having run recently a highly encouraging race to finish third behind Roller-Coaster at Newbury.

Provided Walnut Wonder's tumble over the higher obstacles has neither dampened his enthusiasm nor made his hurling over-deliberate, a win in the Kingwell Pattern Hurdle should be forthcoming for the Epsworth seven-year-old. WINCANTON 1.15—Tom's Little Al 1.45—Walnut Wonder 2.15—Henry Bishop 3.15—Dancing in Iris 3.00—Gallaber 4.30—Grainard

All IBA Regions as London except at the following times—

ANGLIA 1.20 pm Anglia News, 2.00 Not for Women Only, 2.30 Make Me a Man, 4.20 Vicky the Vixen, 4.45 The Adventure of Black Beauty, 8.00 About Anglia, 8.20 News, 8.35 Crossroads, 7.00 Benson, 10.30 North Sea Sea, 11.15 Parents and Teenagers, 11.45 Marn Gordon Price in Concert, 12.15 am Last Tango in Paris. BORDER 1.20 pm Border News, 3.15 University Challenge, 5.00 Lookaround Thursday, 6.30 Crossroads, 7.00 Emmerdale Farm, 11.00 Parents and Teenagers, 11.30 Border News Summary. CENTRAL 12.30 pm The Young Doctors, 1.20 Central News, 4.20 Sport Bly, 4.45 Jason of Star Command, 5.15 Here's the Boomers, 6.00 Crossroads, 8.25 Central News, 7.00 Emmerdale Farm, 7.30 England, Their England, 10.30 Venture, 11.15 Central News, 11.20 The Late Film: "Mississippi Clay", starring Cameron Mitchell. CHANNEL What's On Where and Weather, 3.45 End of Part One, 5.20 Crossroads, 5.50 Channel News, 6.35 What's On Where, 10.40 On the Water, 7.00 Ban-

GRANADA

1.20 pm Granada Reports, 1.20 Exchange Flags, 2.00 Take the High Road, 2.30 Yesterday, 4.20 Here's the Boomers, 4.50 Voyage to the Bottom of the Sea, 5.00 This is Your Right, 5.05 Crossroads, 5.30 Granada Reports, 7.00 Emmerdale Farm, 10.30 Lol Grant, 11.30 What the Papers Say, 11.45 Late Night from Two. HTV 1.20 pm HTV News, 3.45 Square One, 4.20 Palmersown USA, 5.10 Jobline, 5.20 Crossroads, 5.00 HTV News, 8.20 The Catched Water, 7.00 Emmerdale Farm, 10.28 HTV News, 10.30 Scans '82, 11.00 Survival, 11.30 The Great Impersonator, 11.45 HTV Cinema/Wales—As You Wish. RADIO 1 5.00 am As Radio 2, 7.00 Mike Road, 9.00 Simon Bates, 11.30 Dave Lee Travis, 2.00 pm Paul Burnett, 3.30 Steve Wright, 5.00 Peter Dinklage, 6.00 The Record Producers: Elyn Jones, 6.00 David Jensen, 10.00-12.00 John Peel (S). RADIO 2 8.00 am Ray Moore (S), 7.30 Terry Wogan (S), 10.00 Jimmy Young (S), 12.00 Gloria Hunniford (S), 2.00 Ed Stewart (S), 4.00 David Hamilton (S), 5.45 News Sport, 6.00 Kenyon Gunn (S), 8.00 Country Club (S), 9.00 Alan Deh with the Big Band Sound (S), 8.55 Sports Desk, 10.00 Know Your Place, 10.30 Star Sound Extra with Nick Jackson, 11.00 Brian Matthew with

GRAMPIAN

9.25 am First Thing, 1.20 pm North News, 4.20 The Flying Kiwi, 4.50 Sport Bly, 6.00 North Tonight, 6.30 Police News, 6.35 Crossroads, 7.00 It's George, 10.30 alizaro, 11.00 Parents and Teenagers, 11.30 Soccer Live!—Angus Peter Campbell presents the week's news in Gaelic, 11.45 Living and Growing—A review for parents and teachers, 12.15 am North Headlines. GRANADA 1.20 pm Granada Reports, 1.20 Exchange Flags, 2.00 Take the High Road, 2.30 Yesterday, 4.20 Here's the Boomers, 4.50 Voyage to the Bottom of the Sea, 5.00 This is Your Right, 5.05 Crossroads, 5.30 Granada Reports, 7.00 Emmerdale Farm, 10.30 Lol Grant, 11.30 What the Papers Say, 11.45 Late Night from Two. HTV 1.20 pm HTV News, 3.45 Square One, 4.20 Palmersown USA, 5.10 Jobline, 5.20 Crossroads, 5.00 HTV News, 8.20 The Catched Water, 7.00 Emmerdale Farm, 10.28 HTV News, 10.30 Scans '82, 11.00 Survival, 11.30 The Great Impersonator, 11.45 HTV Cinema/Wales—As You Wish. RADIO 1 5.00 am As Radio 2, 7.00 Mike Road, 9.00 Simon Bates, 11.30 Dave Lee Travis, 2.00 pm Paul Burnett, 3.30 Steve Wright, 5.00 Peter Dinklage, 6.00 The Record Producers: Elyn Jones, 6.00 David Jensen, 10.00-12.00 John Peel (S). RADIO 2 8.00 am Ray Moore (S), 7.30 Terry Wogan (S), 10.00 Jimmy Young (S), 12.00 Gloria Hunniford (S), 2.00 Ed Stewart (S), 4.00 David Hamilton (S), 5.45 News Sport, 6.00 Kenyon Gunn (S), 8.00 Country Club (S), 9.00 Alan Deh with the Big Band Sound (S), 8.55 Sports Desk, 10.00 Know Your Place, 10.30 Star Sound Extra with Nick Jackson, 11.00 Brian Matthew with

SCOTTISH

1.30 pm Scottish News, 1.30 Bygone, 4.20 Palmersown USA, 5.10 Trivial Pursuits, 5.20 Crossroads, 6.00 Scotland Today, 6.30 Bodyline, 6.30 Now You See It, 7.00 The High Road, 10.30 Make Mine Music, 11.00 Parents and Teenagers, 11.30 Scotch Live!—Angus Peter Campbell presents the week's news in Gaelic, 11.45 Living and Growing—A review for parents and teachers, 12.15 am Late Night. TSW 1.20 pm TSW News Headlines, 3.45 End of Part One, 5.15 Gae Honybun's Magic Birthdays, 5.30 Crossroads, 6.00 Today South West, 6.30 Test Views, 6.40 On the Water, 7.00 Benson, 10.32 TSW Late News, 10.35 Controversy: Wives and girlfriends should be subordinate and obedient to the men in their lives, 11.05 Parents and Teenagers, 11.30 In Concert (Kilko Break), 12.00 Postscript, 12.05 am South West Weather. TVS 1.20 pm TVS News, 2.00 Not for Women Only, 3.45 Square One, 5.15 Radio, 5.20 Coast to Coast, 5.30 Coast to Coast (continued), 6.35

RADIO

(S), 4.55 News, 5.08 Mainly for Pleasure (S), 7.00 News and Divisions (S), 7.30 Grand for a Hour Head by John Arden (S), 9.25 Music in Our Time (S), 10.15-Worlds, 10.20 Britain and World news round (S), 11.00 News, 11.05-1.15 Arur Rubinstein (S). RADIO 4 8.00 am News Briefing, 8.10 Fanning Today, 9.25 Shipping Forecast, 9.30 Today, 9.35 Yesterday in Parliament, 9.50 News, 5.05 Checkpoint, 9.30 The Living World, 10.00 News, 10.02 Your Move or Mine, 10.30 Daily Service, 10.45 Morning Story, 11.00 News, 11.05 File on 4, 11.50 Enquire Within, 12.00

STATIONPHONIC broadcast

7 Medium Wave RADIO 1 5.00 am As Radio 2, 7.00 Mike Road, 9.00 Simon Bates, 11.30 Dave Lee Travis, 2.00 pm Paul Burnett, 3.30 Steve Wright, 5.00 Peter Dinklage, 6.00 The Record Producers: Elyn Jones, 6.00 David Jensen, 10.00-12.00 John Peel (S). RADIO 2 8.00 am Ray Moore (S), 7.30 Terry Wogan (S), 10.00 Jimmy Young (S), 12.00 Gloria Hunniford (S), 2.00 Ed Stewart (S), 4.00 David Hamilton (S), 5.45 News Sport, 6.00 Kenyon Gunn (S), 8.00 Country Club (S), 9.00 Alan Deh with the Big Band Sound (S), 8.55 Sports Desk, 10.00 Know Your Place, 10.30 Star Sound Extra with Nick Jackson, 11.00 Brian Matthew with

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# THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

## PRODUCT DEVELOPMENT

## ADVERTISING

# Why shops are disenchanted with new brands

**SUPERMARKET** chains are becoming increasingly disenchanted with the plethora of new products being pumped out by food and drink manufacturers, according to a new survey of grocery retailers' attitudes towards new products.

The survey, published by the Kraushar and Easie marketing consultants, suggests that the multiples are now less keen on new products than the last time the survey was carried out two years ago. This conclusion poses a major problem for manufacturers keen to get national distribution to recoup the development expenditure on new products.

The manufacturers believe that it is necessary to continue their high level of new product development since, with a static overall demand for food, profitable margins can best be earned on products which have created a new and distinctive market.

Such achievements are possible, even though the overwhelming majority of new products fail. The major success last year was RHM Food's "Cracottes"—voted the most successful new product in KAE's survey of trade buyers. Cracottes, a form of extruded bread, are toasted and not baked as are ordinary crackers or crispbreads. Since they were launched by RHM last year, Cracottes (and the "me-too" brands it has spawned) have

### TOP 10 MOST SUCCESSFUL NEW PRODUCTS 1981

- 1 Cracottes
- 2 Five Alive Juice
- 3 Ariel Automatic
- 4 Crackerbread
- 5 Krona Margarina
- 6 Bisto Gravy Granules
- 7 Kestrel Lager
- 8=John Player Special King Size Filter
- 8=Smiths Square Crisps
- 9=Shake'n Vac

Source: Kraushar and Easie



created a new market worth some £25m a year.

In the KAE survey, none of the multiples' buyers was more favourably disposed towards new products than two years ago, while a quarter definitely favoured them less. The remaining three-quarters said their attitudes had not changed over the past two years.

A further question asked was whether trade buyers had actually accepted more or less new products over the last year than the year before. A third of the buyers from multiples said they had accepted less, while a quarter said they had accepted more (the rest said they had accepted about the same).

According to other questions, KAE says that "the lack of a product advantage has

emerged as easily the strongest reason for refusing new products, being mentioned by 89 per cent of the multiples."

Given the surprising level of disenchantment towards new products by the retailers, the consultants decided to carry out a further attitude survey of the trade buyers from the main supermarket groups. This clearly indicated that while the top two of three multiples claimed to be taking the same or more new products than two years ago, it was the smaller chains that were becoming

more choosy.

The reasons for choosing new products obviously varied from chain to chain but there were three main criteria common to all buyers: was there space in the market for the new product; was the product innovative; and was it good quality.

Price of the product was often mentioned, but it was rarely the main criterion used to decide whether to take a new product.

Most of the buyers surveyed said that their criteria had not altered significantly over

### TOP 10 MOST SUCCESSFUL COMPANIES IN LAUNCHING NEW PRODUCTS 1981

- 1 Levers
- 2 United Biscuits
- 3 Playtex
- 4 Galahar
- 5=Bird's Eye
- 5=Pedigree Petfoods
- 7 Procter & Gamble
- 8 Kellogg
- 9 Mars
- 10 Smith Foods

Source: Kraushar and Easie

the past two years. However, one major buyer claimed that "our criteria have altered in that we're now much more keen to look at minor products from minor companies. Previously we wouldn't have considered such products."

Another buyer suggested: "We're far more discerning now in terms of innovation. We're not so keen to have duplication as we are to have variety."

Conversely, the main reasons for failure cited by the buyers were: lack of innovation, poor quality, badly designed packaging, and lack of media support.

One buyer commented: "Me-too products don't do very well. In many cases a Me-too product pulls the existing market down with it. Too many brands split

the market and reduce sales of each brand which means they can't be supported by advertising and so the market dies."

Peter Davis, assistant managing director of J. Sainsbury, echoes the need for innovation. "Unfortunately, much of the development is of a 'me-too' nature and I would quote as an example the pot snack market. Here, four or five major companies devoted enormous resources to developing a highly processed food, the market for which appears not to be soundly based and now seems to be in sharp decline."

KAE's survey also identified key growth areas for new products. Almost all the buyers mentioned wine as a growth market—"Wines are growing like mad," said one buyer. "We can't sell enough of them."

Other drink sectors were also suggested as having growth potential, although not as fast as for wines.

Several other sectors were mentioned repeatedly by the buyers. These included: dairy products, frozen foods, health foods, carbonated drinks, fruit juice, pet food, meat, fresh foods, and non-foods. Throughout the survey, however, the emphasis was on quality and true product innovation.

\*New products in groceries 1982, Kraushar and Easie, 20 Buckingham Street, London WC2, price £146.

David Churchill

# Auctioneers bid for a wider audience

THE stage is set for a classic advertising battle which could make the competition between Persil and Ariel, and Nestlé and Maxwell House look like junior rounds. Sotheby's and Christie's are resorting to advertising to help them as they fight for what is proving a shrinking supply of goods for auction.

In the past both companies kept advertising, and agencies, at arms' length. They tended to have an agency on the books but felt that their business was so intricate, the copy so complex, that it was easier to do most of the work in-house. To a great extent they still think that.

Most of the important works of art that they auction come from families they have been dealing with for generations or from collectors whose hoards they have valued and nursed for years. Advertising is unlikely to persuade the Duke of Devonshire or the continental owner of a fine group of Impressionists to switch away from Sotheby's, acknowledged specialists in this area.

## Premium

The advertising now appearing from both sides has very different aims, reflecting the crisis that has hit the auction houses in the last year. The origins of this go back to 1979 when both Sotheby's and Christie's upset their main customers, the dealers, by charging a buyer's premium of 10 per cent on the hammer price. This soured the atmosphere which has worsened considerably in the past year as the recession has bit the art world, causing a falling off in demand and a drop in price in middle range goods. This year Christie's has attempted to mend its fences by reducing its buyer's premium to 8 per cent, but Sotheby's, which had embarked on a heavy expansion programme before being hit by the recession, feels it cannot afford such a gesture.

The shortcomings of most forms of strategic analysis, together with the short-term horizons of individual executives within the company, is why you need to use outsiders in the "strategic innovation process," says Buggie. His book goes into great detail about how to compose a project team of company insiders, how it should define the basic criteria for the new product, how the outside experts should be selected, and how the ensuing innovation process should be conducted.

Even if you prefer your own version of this process, Buggie's book provides a stimulating reminder of some frequently forgotten rules. Many of his aphorisms will make the modern marketing man, but they make you think again about some of those easy assumptions which you have built into your thinking over the years.

*New Product Development Strategies*. By Frederick D. Buggie. Published in UK by Hutchinson, 17 Conway Street, London W1. Price £12.75; in U.S. by Amacom, New York.

The aim of the short sharp campaign, costing \$400,000, is to

reach. In just six advertisements, two-thirds of that select group which Sotheby's sees as its customers, both buyers and sellers. The saleroom claims it has been working on the campaign, with Russell Associates, since the autumn and that it is aimed very much up-market. It certainly marks a significant change in direction, although Sotheby's will still be producing around 4,000 other advertisements this year, to appear in such journals as *The Value*, and promoting the various departments of the saleroom. In the past its advertising has been prepared in consultation with its various specialists—hence its bitness.

All told Sotheby's will spend around £3m on advertising and promotions this year, over four times the Christie's level. But only £2m of this is in direct advertising. Both salerooms reckon that their best marketing tool is their monthly preview magazines, which go on subscription but still cost hundreds of thousands of pounds a year to produce. The salerooms make their profits from items valued at over £1,000, even though the great majority of lots sell for less. Their regular customers, and especially the dealers, are the bed-rock and they are more influenced by preview magazines, and press coverage, than advertisements.

Sotheby's and Christie's also have the example of Phillips before them. Three years ago this enterprising number three in the auction business experimented with a television campaign. It was very successful in attracting goods to the saleroom but unfortunately most of the items brought in were virtually worthless. Phillips found its specialists tied up examining attic rubbish and has no intention of repeating the exercise in the immediate future. However, this week it followed Sotheby's in appointing a marketing manager—Robert Saunders, formerly of Leyland Trucks.

## Complaints

The irony of the current competition between Sotheby's and Christie's is not that Sotheby's, which has traditionally been regarded as run by businessmen, is going for soft-sell, corporate image advertising, while the gentlemen at Christie's are drawing attention to its price advantage. The real irony is that most of the troubles of the salerooms have come about from a belief in the trade that the two companies colluded in bringing in the buyer's premium in 1975.

So it is very much in Sotheby's and Christie's interest to be seen in intense competition while the Office of Fair Trading is conducting an investigation into complaints of their illegal co-operation. But, given the state of the market, and the fact that Sotheby's at least is losing money on its UK operations, the current rivalry is much more than window dressing and the advertising is for real.

Antony Thorncroft

# How manufacturers can cut the risks of innovation

MINNESOTA Mining and Manufacturing—more commonly known as 3M—is better than most companies at bringing new products to market. Yet out of every 100 of its new product concepts, only about a third prove technically feasible, and a bare three per cent are commercially successful.

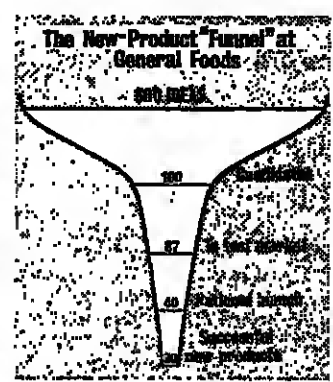
Or take General Foods. It reckons that for every 800 new product ideas it vets in any year, less than 90 get as far as the test-marketing stage, and only 30—or five per cent—are commercially successful at the end of the process, which may stretch over as many as 10 years.

The high failure rate of new products, both at the ideas stage and—much more extensively—in the marketplace, can be reduced by the more efficient channelling of creativity, says

Frederick D. Buggie. In other words, the "neck" of the new product "funnel" can be narrowed.

A well-built, fast-talking American with years of line management experience in manufacturing, Buggie has built a busy consultancy, Strategic Innovations Inc, on his particular technique for new product development. This involves the carefully-controlled use by companies of a form of brainstorming with hand-picked outside experts such as academics, government officials, consultants and other companies. Even architects and eye surgeons have helped some of the 100-plus companies in the U.S. and Europe which have tried the approach so far, including Alcan, McGraw Hill and Budd.

There is nothing new in the



Its title, *New Product Development Strategies*, is a decided textbookish turn-off which belies its stimulating style and contents. It will provide controversial food for thought, even to those who may be sceptical about Buggie's particular technique.

A host of provocative aphorisms pepper the first third of the book. Listing the corporate barriers to creativity, Buggie cites the career price of being wrong; the lack of incentive to try anything new once an executive has "hit a big winner"; overmanagement by his superiors; and the all too frequent experience that "many companies simply do not respond at any level to the stimulus of a creative proposal."

After giving a few tips on how to overcome these obstacles ("or how to be more like a

raccoon"—an unusually creative animal, by all accounts), Buggie moves on to the essence of his message: that what a manufacturing company does is the mainstream of its business.

"A company makes things and sells things. That's it. All the other functions that are performed in the organisation are subsidiary and exist only to support the making and the selling. Designing, purchasing, borrowing money, managing, training, advertising, accounting, testing, planning—and any other functions you can think of that are commonly carried on in a manufacturing organisation—serve either the production or the marketing of the product."

More controversial is Buggie's assertion that a manufacturing company needs to concentrate more on its technological core than its market base when deciding how to diversify. The classic remark that the U.S. railroads should have gone into the airline business when they were threatened in the 1930s is wrong, claims Buggie. Nor should American Can have gone into the glass bottle business, "but it did, perceiving itself to be in the container business. Things didn't work out. What does American Can know about bottles?"

A manufacturing company "is married to the technology and the production facilities and processes it already possesses," he continues. "But it is not married to any given market—the company is free to exploit or capitalise on its production facilities in any given market."

By no means every executive would agree with this, particularly at a time when new technology is sweeping through

factories all over the world, opening up new product and market concepts by the dozen.

But the marketing fraternity in particular will be irritated by Buggie's statement that "you can decide to enter a market, and do it, in pretty short order... a manufacturer can develop a good strategy to penetrate any market, whether or not the company has ever been there."

"You can also get out, pretty quickly. The company can summarily abandon a market, new or old, bury the bodies, and walk away."

The shortcomings of most forms of strategic analysis, together with the short-term horizons of individual executives within the company, is why you need to use outsiders in the "strategic innovation process," says Buggie. His book goes into great detail about how to compose a project team of company insiders, how it should define the basic criteria for the new product, how the outside experts should be selected, and how the ensuing innovation process should be conducted.

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Christopher Lorenz

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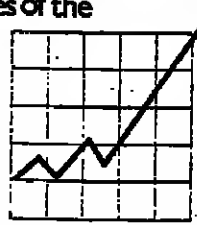
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THE ARTS

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Henry V by B. A. YOUNG

The Bristol Old Vic gives a good old-fashioned Henry V with some novelties in the decor to provide the visual excitement that half a century ago would have come from crowded battles and resplendent courts.

Clive Wood makes an attractive blond young King, the kind of character we are supposed to deduce from the initial phrases voiced by the Archbishop and the Bishop of Bay.

June Barrie recounts Falstaff's death movingly. There is an uncommonly nice Fluellen by David Harries, whose name suggests a native sympathy with the character.

Elizabeth Hall

The Manchester School

by ANDREW CLEMENTS

Harrison Birtwistle's... was brought to the Proms in 1979 by the Pariah-based Ensemble Intercontemporain for whom it was written.

lessness, will have found his least satisfying works of the 1970s, for all that the textures for the unaccompanied chorus sometimes throw off an attractive luminosity.

to finding Westerstings one of his least satisfying works of the 1970s, for all that the textures for the unaccompanied chorus sometimes throw off an attractive luminosity.

Wigmore Hall

Bolet by DOMINIC GILL

A public chat-reital is as intriguing, and as peculiarly unsatisfying, as a public concert-rehearsal: neither element of the combined event is fully enough developed to get all of its message across.

somehow never quite enough of either. Like many great artists, Bolet warms slowly. Fingers were cold in three Mendelssohn Songs without words and the Andante and Rondo Capriccioso.

Bolet is as naturally a charmer with words as he is with his music. The stories—including a splendid and characteristically zany Rosenthal tale—seemed only just to have begun before he was back again at the keyboard with an electrifying account of Godovsky's Weber paraphrase of Invitation to the Dance.



Rowena Roberts and Paul Eddington

Lyric, Hammersmith

Noises Off

by MICHAEL COVENEY

Michael Frayn's new comedy opens with Patricia Routledge as the maid answering the phone in the voice of Patricia Hayes. She is interrupted from the stalls by the director proffering notes about the plate of cutlery.

between repairing a multitude of practical doors and under-studying recklessly for whoever has lately committed the cardinal sin of being "off". Michael Bakewell's brilliant production really bits its stride in the second act.

Record Review

Inspired oddities

by DAVID MURRAY

Bohuslav Martinu: The Greek Passion. Soloists of the Welsh National Opera/Mackerras, Brno State Philharmonic and Czech Philharmonic. Chorus, Supraphon DG 2532 021.

and other visionary or enthusiastic outbursts. Martinu's ripe string textures reach back to Poulenc by way of Smetana's Dolores and Debussy's Si, Sebastian, but what they support is a kind of miracle-play, plainly devised by a humble sophisticate.

record, Maazel's more urgent and forceful reading matches the searing conviction of his soloists, Fischer-Dieskau and Julia Hamari. Any suspicion of indulgent languors is scented, and the extra note of civitised desperation rings true.

Among a fairly odd batch of records the Czech-Welsh collaboration on Supraphon, Martinu's Greek Passion, is naturally odd, and oddly successful in its special terms.

Alexander Zemlinsky's Lyric Symphony of 1922, recently revived, has made a great impression on concert audiences and the glowing new performance on digital DG will deepen it.

ing his attention to hidden meanings in a Blake poem has touched a popular nerve. Most of the jokes, such as linking E. M. Forster with a popular Australian heer, are signalled well in advance and one could have hoped for a deeper investigation of a fascinating argument.

Anyone who knows the novel—or Jules Dassin's French film—of the play's "doux mourir"—might expect it to make a full-blooded, rather Verdian opera. In fact The Greek Passion is barely an opera at all.

Mark Kingston has returned to the role of Frank in Willy Russell's Educating Rita. He is joined by a new Rita, Julia Deakin, who has reached the West End after just three years as a professional actress.

Mark Kingston has returned to the role of Frank in Willy Russell's Educating Rita. He is joined by a new Rita, Julia Deakin, who has reached the West End after just three years as a professional actress.

THEATRES

ADRIAN PHILIP. CC 01-835 7511. POOLY CARTE. OPERA BY JOHN LINDFORD. Eves 7.30. Mon-Fri 8.00. Sat 8.00. Sun 7.30. Last week. Next Mon Feb 27.

ALDO VICTORIA. 1900. VICTORIA. 2.30. THE KING OF THE HILLS. 7.30. THE KING OF THE HILLS. 7.30. THE KING OF THE HILLS. 7.30.

FINANCIAL TIMES

Head Office: The Financial Times Limited, 100 Abchurch Lane, London EC4N 3DF. Telephone: 01-574 2000. Telex: 940000.

F.T. CROSSWORD PUZZLE No. 4807

ACROSS 1 Results in the opening in the east and south (4, 2) 4 Wind finished pass (4, 4) 10 Race Sid to cocktail (7) 11 Conservative screening for food of scold (7) 12 Going first-class by rail is Hippant (4) 13 For the best fair also (4, 2, 4) 15 Result of eavesdropping in the frozen north (6) 16 Went looking for fodder with daughter (7) 20 Left out of egreecare rustic (7)

A crossword puzzle grid with numbers 1 through 31 indicating the starting positions for the clues. The grid is a standard crossword format with black squares for non-letter positions.



FINANCIALTIMES

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Thursday February 25 1982

# The case for caution

THE Prime Minister's robust words on Tuesday most effectively have dampened any hope—or fear—of a drastic change of course in the Budget on March 9. The Government's basic philosophy has been reinforced in favour of caution by the oil market glut, which seems certain to reduce tax revenue below previous forecasts, and may also tend to weaken sterling in the foreign exchanges. The desperately slow recovery which appears to have set in during 1981 will receive little reinforcement.

Yet the case for a cautious approach, but not without some quite strong reservations. There are good and bad reasons for proceeding gently, even in an economy with record unemployment and a record current account surplus, just as there are good and bad reasons to deploy whatever marginal sum the Chancellor decides he can risk in the cause of revival.

## Buoyancy

The sound reason for caution is that the Government's strategy, designed to alter private sector behaviour, stands or falls by its consistency, and is producing some positive and potentially fruitful results. The new realism in the labour market, the encouraging rise of unit costs and productivity, and—perhaps most significant—the quite unexpected buoyancy of exports are all signs that the private sector is learning to make its own future in world markets, rather than living from Budget to Budget.

This has involved a drastic and painful structural change marked by the decline of some older industries, and by the rapid elimination of large-scale over-manning. This means that neither the level of unemployment nor the level of production compared with past trends is a useful indicator of the short-term spare capacity in the economy. That there is some spare capacity cannot be doubted, but it would be folly to test it too severely. Some cyclical recovery is likely in any case, especially if the downward trend of interest rates can be sustained; structural revival takes much longer.

The bad reason for caution is a slavish adherence to particular money targets for the public sector borrowing requirement or any other definition of the money supply. For these numbers, already heavily distorted by financial transactions and by the vagaries of the business cycle. On the

monetary side the Government seems to have accepted defeat rather too philosophically; it is accepted that sterling is irredeemably distorted, but nothing has been put in its place.

## Unclear

It is so hoped that Sir Geoffrey will reduce this vagueness when he comes to restate the medium term strategy. On the monetary side, policy has recently been quite effective in stabilising the exchange rate, and has over the whole period of the Government stabilised the trend growth of money incomes. If the stabilisation expectations about incomes and the external value of sterling, the Government's aims will be greatly helped.

On the fiscal side things are not as clear as they look. It is quite unclear whether or not the Government gives due weight to the state of the cycle in setting its targets. Pure money targets lead to the curious conclusion—with which Sir Geoffrey has seemed at times to flirt—that fiscal stimulation is only in order when the economy is recovering spontaneously, and that the coming Budget may be tighter than had hoped because the recovery has been disappointing. This is the case for some cautious stimulus; policy in this has been somewhat tighter than intended.

## Vague

The Government seems to have decided at the moment that the best stimulus is to get interest rates down. This is a tempting goal, but could be a risky one. Fiscal tightness does help to reduce interest rates when balanced against any clear monetary constraint; but when the constraint is as vague as at present, and interest rates are simply managed, the experiment could soon fall victim to events in New York or elsewhere, as we have already seen. A combination of fiscal prudence and monetary risk-taking could be just as unworkable, and more accident-prone, than the opposite contradiction in policy. The figures for a deficit falling at the trough of a recession, and explosive private bank lending strongly suggest that fiscal policy, if it is to be anything more than a device to be adjusted at any accommodation is wanted.

# Common sense about robots

IT HAS recently been reported that British manufacturers have now installed over 700 robots, ten times the 1978 figure. The news should give nobody any cause for comfort or concern, but it does indicate that there are at least 7,000 comparable devices installed in Japan, and—if the count includes intelligent manipulators and the like—the total Japanese robot population probably exceeds 57,000. This is close to saturation point for the Japanese market, some observers say; watch out for a tidal wave of cheap Japanese robots heading westward carrying all before it.

## Epidemic

THE danger is that this revelation may generate a new epidemic of breast-beating in the UK coupled with redoubled calls for enhanced robotics development programmes to bolster up the UK's sagging sense of technological virility. It is all a little reminiscent of the great micro-electronics debate of not so many years ago and indeed the great computer debate of only a few years before it.

The virility argument runs like this: capability in certain technologies—computing, micro-electronics, robotics—is so vital to the nation's social and industrial well-being that a significant presence must be maintained virtually regardless of the market and the rate at which it is changing. Back in 1968, that led to the formation of ICL and to a general view which held sway for over 10 years in Parliament and Whitehall that ICL was the UK computer industry. Meanwhile, bright little companies like Systeme struggled for funds to build computers which made the best use of foreign computer circuitry to add value to the final product. At one stage, the value of U.S.-made hardware and software in a Systeme computer amounted to only about 5 per cent of the total purchase price.

Understanding of the nature of technological change improved over that decade. By the time the full implications of the microchip were sweeping across the world, the UK was attuned

to the idea of debating whether it should attempt to compete in the microchip manufacturing game or simply make the best use of U.S. and Japanese products. Debate was what it was, unfortunately, and while the Department of Industry—and Sir Keith Joseph in particular—mullied over the prospects for Inmos, the NEB-supported UK manufacturer, its chances in world markets were slipping away. Its products are good but its future must be uncertain in a market where even the Americans have their work cut out to stay the pace with the Japanese. Meanwhile, after the initial shock, UK designers have begun to create a string of marketable products based on U.S. and Japanese chips.

## Gamble

One of the earliest was a door "bell" which plays 24 different tunes. Now the list includes Mr Clive Sinclair's ZX81 microcomputer for the masses. This machine is especially interesting, because it uses, in addition to the principal microprocessor chip, some UK designed and built chips which make the whole thing possible. They were born out of Ferranti's belief in a particular technological niche and its gamble could be paying off. Surely the same logic applies to robots. The UK has some perfectly adequate robot makers and perfectly adequate research on advanced robotic systems—sight, touch and feel. But usiorg robots is more important than making them.

The Japanese excel at manufacturing partly because of their advanced automation techniques. If the opportunity to buy that automation presents itself, should it not be embraced and used to manufacture more of what the UK does pride itself on—bright ideas for new products? The Japanese are trying to prove they can be innovators as well as manufacturers; they may be giving the UK the chance to reassert its image as manufacturer as well as innovator.

## ZIMBABWE TWO YEARS ON

# Mr Mugabe's biggest gamble

By J. D. F. Jones, recently in Salisbury

LORD CARRINGTON, with remarkable timing, arrives in Salisbury this morning to examine the progress of his "baby," Zimbabwe, at precisely the moment when it is going through the most difficult crisis of its infancy.

Yet, however alarming the headlines of the past week may sound, it is unlikely that the Foreign Secretary's diagnosis will be uncharitable or grim. "On the face of it, Mr Robert Mugabe, the Prime Minister, has just taken a colossal risk—the dismissal from his Cabinet of the Grand Old Man of Zimbabwean Nationalism, Mr Joshua Nkomo, which implies the departure of Mr Nkomo's party, Zapu, from the ruling coalition and in effect the exclusion of the Ndebele people, one-fifth of the population, from power. In the heat of the moment, a week ago, there was reason to wonder whether Mr Mugabe would get away with it.

The Ndebele (whom journalists like to describe as "traditionally warlike," complete with reference to their Zulu forebears) make up the great majority of Mr Nkomo's support, and there was no doubt that Bulawayo and Matabeleland were going to be outraged. The Zimbabwe army has only recently been put together out of rival guerrilla armies of Zipra (ie Zapu) and Zanla (ie the forces of Mr Mugabe's Zanu-PF). Even the British officers and NCOs who have been training the 60,000 men admit that the mood is still damp. It is only 12 months since serious fighting in Bulawayo and in Army barracks in the Midlands cost 300 lives.

The reality is that—so far—Zimbabwe is utterly quiet. There have been a few well-behaved demonstrations, and there are plenty of police and military in Bulawayo where Dr Nkomo—gigantic as ever but a shade pathetic in his defeat—has retreated. Some of his party Cabinet colleagues (not all) have either resigned or been dismissed. The Zanu central committee is expected to meet in Gwelo on Saturday to decide what to do.

Incidentally, and not withstanding the Prime Minister's public allegations, there is no public and conclusive evidence to suggest that the South Africans—whom most Zimbabweans believe are intent on "destabilising" them—played any role in this latest crisis.

The arms that were found on Zapu land came from the original Zipra stocks and it remains to be seen whether the Government will be able to prove that there was a "plot" by Mr Nkomo and his associates. So no one yet has any idea whether Mr Nkomo will be brought to trial.

Lord Carrington will not be seeing Mr Nkomo, and no doubt he will be extremely careful not to appear to be interfering in Zimbabwe's private affairs. Britain has no more standing on the question of Mr Nkomo's reversal than it has, say, on whether a right-wing MP called Mr Waddy-Sturford has been



Mr Mugabe and Mr Nkomo (left) together before independence. In removing Mr Nkomo, Mr Mugabe has taken a "colossal risk."

tortured while in detention or whether he is going to be brought to trial. The Foreign Secretary will be meeting a delegation of MPs, including several from the Republic Front (RF) (the former Rhodesia Front now calls itself), so Mr Sturford will no doubt be mentioned. Lord Carrington will not be meeting Mr Ian Smith.

On the other hand, after all the courtesies of an official visit have been observed—including the presentation of a large piece of silverware as Britain's "independence gift" nearly two years late—Lord Carrington will be curious to see what sort of place Zimbabwe is turning into.

On the surface, there is much that will be familiar to him. Salisbury is still a rambling, stony rather suburban town. The Settlers' Flagpole still stands in an unchanged Cecil Square; the Salisbury Club still frowns on open-neck shirts; event the saturnine ex-minister Mr P. K. Van de Byl is still baying from the opposition benches in parliament. And, to the visitor, race relations are still extraordinarily relaxed.

considering the proximity of a recent and racial civil war. Of course, beyond and behind that is another country. Most evidently, the whites, defeated, have retreated into themselves. Their numbers fall steadily as they "take the gap," usually to South Africa, and it is still probable that they will stabilise at

about 150,000 from a peak of 240,000. The most frequent complaint—and one that is probably justified—is the decline in efficiency of the public service. No one is, or should be, too surprised by this; it was necessary that the blacks should take over the bureaucracy as well as the Cabinet, but the machinery, particularly inter-ministerial liaison, is creaking badly. But the whites' rejection from government has left a strange sense of mystery about the process of power and policy. The days are over when the machinations of the Rhodesian Front and its white opponents were an open book. These things now happen inside the Zanu-PF Central Committee and, for the outsider, it is hard to decipher them.

For example, last week there was a major Cabinet reshuffle and it is possible to hear half-a-dozen interpretations of these changes in the course of a morning. (Kremlinology is child's play compared with reporting Shona politics.) Is Mr Mugabe bent on strengthening his Zecuru sub-tribe against the Karangas? (The answer is probably not.) Does the return of the allegedly "soft-white" Dr Ushewokunze from dismissal last year to the important Home Affairs ministry signal a radical swing? (Probably not.) Has the Prime Minister effectively demoted two of his most senior colleagues, Senator Enos Nkaike, the Finance Minister, and Dr Edmore Zvobgo, the Local Government Minister? (Probably yes.)

The point is that there exists a degree of uncertainty about the future, and this concerns not only the local whites (who still have a fundamental role to play as businessmen, farmers and technocrats) but also the outside world, the foreign investors, the donors. This uncertainty particularly affects two areas which Lord Carrington will want to discuss with Mr Mugabe: the attitude towards the private sector, and the prospect of a one-party state.

The third-most-interesting event of the past week—after the sacking of Mr Nkomo and the Cabinet reshuffle—was a meeting of about 70 businessmen with the Prime Minister on Friday evening. Mr Mugabe was at his most suave, charming and reassuring.

He is, he told his respectful audience, a Marxist-Leninist—and yet he went on to describe a vision of the "oneness" of workers and management, of black and white, of private and public sectors. His Government, he said, intended to "socialise" society. But he offered that he recognised that this socialism would have to take into account the fact that Zimbabwe had an existing infrastructure, associated with the private sector. There would be a "joint thrust" of the two sectors in the forthcoming three-year Transitional Development Plan, with 55 per cent of investment coming from public sector and 45 per cent from the private.

At the end of the question, not so much unanswered as unclarified, is how long this joint approach is intended to operate, for how long beyond the three years? And, when the answer comes, is it going to be good enough to attract the foreign investor? (Direct private investment since independence is reported to be only Zim\$27m (£36m). A second area of uncertainty is Mr Mugabe's vision of a one-party state. He has never con-

cealed his personal conviction that the Western parliamentary system is unsuited to Africa. It is known that Mr Nkomo's curt rejection of Mr Mugabe's latest public appeal to Zanu to amalgamate with Zanu helped lead to the row between the two men on February 5 that led to the announcement of the arms caches on Zapu territory that led to Mr Nkomo's downfall and the present "crisis."

Lord Carrington will remember that "freedom of association" is enshrined in the Lancaster House constitution for

ten years until 1990 (the 20 reserved white seats are entrenched until 1987). The prime minister has frequently said to white audiences and to interviewers that he will not "impose" his preferred one-party system on the country. But there has remained a lack of clarity.

Mr Ian Smith is still around, preaching gloom and telling anyone who will listen that he holds them so. He probably still has the old charisma and a nostalgic appeal to the white voter but his retirement cannot be postponed for ever and a lot of whites are fed up with the RF's harking on about the past. What seems to be happening is that the Government is putting out feelers to the middle-of-the-road businessman and farmer in the white community so as to bring him into some sort of new relationship (which might even include a Cabinet seat or two).

They might be wise to keep their fingers crossed

## Lord Carrington will not be seeing Mr Nkomo

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## Men & Matters

domestic rate in the country—about 5777 a year—the council is to press Lord Carrington, the Foreign Secretary, to settle the issue and, one way or the other, the bill.

The Labour councillors have found an unexpected though welcome ally in former Tory minister Lord Boyd-Carpenter. He is to raise the question in the Lords next month and demand that "appropriate interest" should be added to the bill. If the Russians are not diplomats—and many of the mission's previous members were once expelled by Lord Home as spies—it is "outrageous" that they should not pay for their presence, Boyd-Carpenter says.

Gold bars With the bullion market beset by depression over high U.S. interest rates, Soviet sales and offloading by dispirited Middle East hoarders, Gene Sherman might have chosen a better week to come to Europe to regale institutional investors with the advantages of gold purchases.

But Sherman, a chunky American economist who works in New York for the International Gold Corporation, the marketing arm of the South African Chamber of Mines, was yesterday putting a brave face on gold's slide this week to a 2½-year low.

The gold price, he says, is near the trough of the current cycle (which has taken it all the way down from \$550 per ounce two years ago to just over \$350 now). "There are a lot of people poised to buy. I don't find it depressing at all," Sherman, who before he moved to extolling the virtues of the yellow metal worked for Merrill Lynch, Chase Manhattan and the New York Federal Reserve Bank, is trying to get pension funds and other big

investors interested in gold. His message is that gold offers protection against the "ravages of inflation" and is also—in spite of the ups and downs of the past two years—"less volatile than the New York stock market."

So far, American pension funds are "impressed" by his ideas. But very few apart from the Alaska State Pension Fund—which perhaps always does things differently—have taken the plunge to buy. British fund managers are, for the most part, not the "forward looking, innovative" types Sherman is looking for.

Sherman believes that institutional investors might be attracted to the market if it were less secretive. He admits, however, that during his stay in London (he is also visiting Frankfurt, Zurich and Geneva) he would not be paying a call to press this particular point on the Bank of England—which helps maintain a news blackout on the amount of gold South Africa regularly sends to the London market.

Trust funds Michael Heseltine's oratorical flourishes do have some practical results after all, it seems. Some weeks ago the Environment Secretary exhorted the British Property Federation to do more to encourage better-quality building design. Christopher Benson, BPF's president and managing director of developer MBEPC, was promptly moved to suggest another joint venture with the Duke of Westminister's Grosvenor Estate, partner in many a major development project.

The outcome is that the two organisations are to provide around 60,000 to sponsor the Civic Trust's awards over the next two years.

Up the Greek Margaret Thatcher's comparison of her Government with Odysseus who "resisted the sirens' voices and came safely home to harbour" did not stimulate quite the response she had expected yesterday.

Labour Treasury spokesman Robin Cook put down an early day motion in the Commons recalling that "on the way, Odysseus suffered a shipwreck in which he lost his ship with all hands... that on reaching the harbour because his palace was occupied by the hostile suitors of Penelope and that he was reduced to the loyalty of one herdsmen and a dog."

# Why not belong to Glasgow?

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For the birds Cockney wit lives on the No 52 bus. Punk rocker, sporting a multi-coloured Mohican haircut, swaggered to the upper deck and announced his destination to the conductor. "That will be 20p for you," the conductor responded, "and 10p for the parrot."

Observer



"I believe it's so overcrowded they couldn't squeeze an independent committee of inquiry in!"

Form for Glasgow City Council with fields for Name, Position, Nature of Business, Company, Address, and Tel No. The form is titled 'Glasgow' and includes a small logo of the city council.



ECONOMIC VIEWPOINT

A new look at productivity

By Samuel Brittan

RARELY CAN the different indicators of economic performance have given such widely divergent readings...

Now look at manufacturing. Here the world slump, or even depression, seems more appropriate than recession...

Against this background the argument between the Confederation of British Industry and the Government...

But if we turn our attention to a third indicator, production per hour in manufacturing, a different picture again is revealed...

Productivity gain is probably lasting

gested very strongly by direct evidence from industry, is that there has been a more lasting upward shift...

is this unreservedly a desirable development? It is very easy to make people's flesh creep by means of a conventional forecast...

adult unemployment levelling off at about 5m.

The Group then produces an alternative scenario with higher productivity growth.

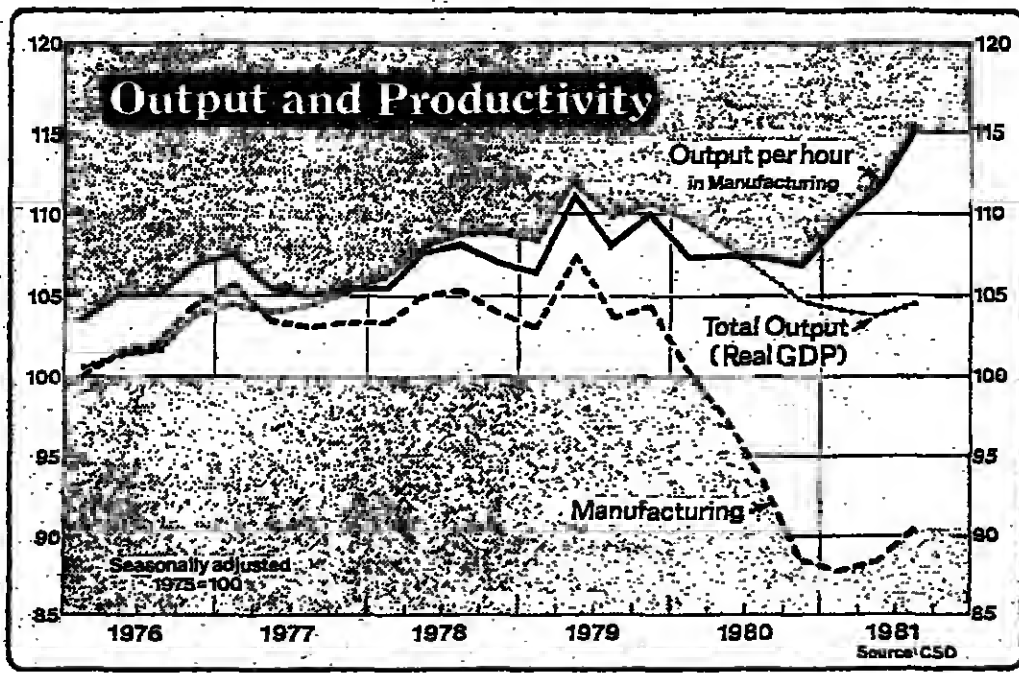
The result by 1985 is a reduction in the inflation rate to just over 5 per cent compared with nearly 9 per cent in the central forecast...

The St. James's forecast reminds me of an incident during my brief period as a temporary civil servant...

My first inclination is to forget forecasts and concentrate on the Government's overall strategy. The role of the Medium Term Financial Strategy (MTFS)...

When there is a large labour surplus, the familiar shorthand becomes misleading. It would not have made sense to have used the most mechanised labour saving equipment...

Since anything that can be misunderstood will be misunderstood, let me state as clearly as possible the qualification to the principle of productivity...



1980s, in place of the original hope of going down to 8 per cent by 1983-84. But the essential need is to clarify the message that monetary demand will be kept on a gradually rising course...

Financial strategy provides only a framework. Beyond that, we need to take a fresh look at exactly the kind of productivity we want to encourage...

One advantage of a market mechanism that is working well is that no national planner has to calculate the answer to these conundrums beforehand...

understood, let me state as clearly as possible the qualification to the principle of productivity...

Where one man can produce twice as much by better work planning, abandoning demarcation lines, shedding restrictive practices, and so on, this is highly beneficial...

It is, however, often undesirable to waste investment in highly capital intensive processes and products when there is still a large surplus of unused labour...

One advantage of a market mechanism that is working well is that no national planner has to calculate the answer to these conundrums beforehand...

if a country is to have any public services whatever. The trouble is that the wedge has increased for low-paid employees because of the fall in tax starting point...

At the very same time that labour has been heavily taxed, capital has been quite ridiculously subsidised. Since 1971 there have been 100 per cent first year capital allowances against tax on most equipment...

Apart from the overall arithmetic, the forthcoming Budget should be judged almost exclusively by its effects in increasing output rather than to save labour...

Capital has been quite ridiculously subsidised

view. A reduction in investment aids would help to pay for a cut in taxes on labour, thus tilting the balance the right way...

As an immediate stop-gap, schemes of the Layard type (outlined on this page yesterday) to offset the overpricing of labour by targeted recruitment subsidies and fall-back public sponsored employment are essential...

Lombard

Selling arms is not a policy

By Patrick Cockburn

FROM THE moment the Reagan Administration came to power it left nobody in any doubt that its policy on arms sales abroad would be different from President Carter's...

The Administration swiftly translated word into deed. Arms sales worth \$25-30bn are under way for this financial year, twice the figure for 1981. The surge is particularly impressive in the Middle East...

These are vast sums. The sale of AWACs was portrayed as a crucial test for U.S.-Saudi relations and of President Reagan's capacity to stand up to the Israeli lobby in Congress...

It was, after all, as long ago as the spring of 1976 that General David Jones, Chief of Staff of the U.S. Air Force, first tried to sell AWACs to the Saudis...

It is curious, nevertheless, to find Mr Alexander Haig, in his now famous briefing at the beginning of the month, saying: "The French can't produce enough arms to satisfy the Arabs" and "the Europeans are panting for military sales"...

Of course the Americans are not alone in the field. Iraq has just ordered \$600m worth of heavy artillery from France...

But the failure of the U.S. the most influential outside power in the region, to develop a Middle East policy unconnected with arms sales, is far more dangerous...

There are also the strongest doubts about whether all these weapons do much to guarantee the security of Saudi Arabia or anywhere else. The best armies in the Arabian peninsula are those like that of Oman...

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Letters to the Editor

Aiming for protection of the holiday package

From the Chairman, Saga Holidays. Sir—It now seems likely that overseas holidays next year will carry surcharges. Because of the Laker collapse and the resultant drain on the Air Travel Reserve Fund...

heads such as wages, hotel bills, advertising, etc., etc.—their customers' cash before the customers travel. While it might be over-simplifying a complex issue to say that it could be resolved by legal safeguards it is nevertheless good to see that authoritative comments are being made with this objective in mind...

The thorny problem of rates

From Mr A Potter. Sir—I can quite understand the reluctance of all MPs to tackle the very thorny problem of rates and it is a thorny problem for the gross cost to an employer of matching what a potential worker might receive on social security...

Everybody admits the rating system is unfair and in particular to small businesses and until some Government of whatever political persuasion tackles this problem you will continually see levels of company closure as excited last year...

Civil service pay offer

From the Managing Director Beldam Asbestos Co. Sir—As you say in your leader "Good ideas in a mean offer" (February 18) the objectives of the Government's new civil servants pay offer are logical. The Government is seeking, like any employer, to achieve value for money...

annual increment systems. For instance, while the new offer does not increase pay scales for staff under 21, I understand that the operation of the annual increments will automatically increase their earnings by 5 per cent to 15 per cent compared with the previous year and annual increments apply right the way up the civil service pay scales...

worker is shiftless—or at least implying that this is how the media normally portrays him. Of course, strikes and other difficulties make the headlines work as usual does not. But the suggestion that the shop floor worker in this country is "shiftless" is a monstrous one...

As a nation, we seem to delight in publicising our problems to the world, and playing down our successes. It is a shame that your paper, which is read by many business leaders in other countries, should perpetuate the myth of the poor standard of British labour, when this is just not true...



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It also provides a clear numerical display of cash inserted, and the credit remaining at any time during the call. Then it releases your unused coins when the call is completed.

You can expect a more reliable service from the new Plessey Payphone. Because it's the phone that Plessey developed to meet the right demands, and beat the wrong ones.

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For other ways to improve cost-effectiveness in your business communications, write to the Managing Director, Plessey Telecommunications & Office Systems Limited, Edge Lane, Liverpool, United Kingdom L7 9NW.



Companies and Markets

UK COMPANY NEWS

Hoover losses soar from £1.4m to £31m for year

TAXABLE losses of Hoover, the domestic appliance manufacturer, jumped from £1.4m to £31m in 1981, as depressed demand, strong competition and exceptional costs took their toll.

The major reorganisation undertaken by the company gave rise to redundancy and other rationalisation costs amounting to £10.2m (£203,000) for the last quarter, increasing those for the full year from £1.4m to £17.2m. Of this, £13.5m relates to redundancy payments.

BPM results slump midway

A SLUMP in pre-tax profits was shown by BPM Holdings, printer and publisher of newspapers, for the 26 weeks to December 28 1981. The taxable surplus fell from £1.45m to £450,000 on higher turnover of £42.31m, against £38.25m.

The directors point out that although restructuring has not yet been completed, provision has been made for those costs which will arise in 1982. They report that during 1981 the company's total UK workforce was reduced from 10,224 to 6,854, and say a further reduction will take place when production at the Perivale plant ceases.

Fourth quarter group sales totalled £54.5m (£55m) and left the full year's result 2.7 per cent lower at £201m.

The directors feel able, however, to maintain the interim dividend at 1.58¢25p. Earnings per £1 share fell sharply from 31p to 9.7p.

In the last full year pre-tax profits were £2.7m on turnover of £77.8m from which a total dividend of 5.775p was paid.

The directors state that taken together, the newspapers failed to make a profit. This was mainly as a result of the decline in the fortunes of the group's Midland weeklies, which had been surviving the pressures of the economic climate rather better than their daily counterparts.

The retailing businesses performed better, but the bad weather in December and January affected their results, say the directors.

The major capital programme at the Birmingham Post and Mail has been completed. The expenditure incurred on this and the purchase of businesses on the retail side, have substantially increased interest charges, which rose from

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corro. Total, Total. Includes BPM, Eleco, Harrison's Malaysian Int, Hoover, Invest. Tut. Genessey, Moorside Trust.

Dividends shown pence per share net except where otherwise stated. † Equivalent after allowing for rights and/or acquisition issues. ‡ Including special 3p payment. § Gross throughout.

In the UK, demand was depressed and industry deliveries were down on the previous year. Intense competition from both UK and foreign suppliers led to severe pressure on prices.

Although market conditions are likely to remain difficult for some time yet, the directors say the company's lower cost base, higher levels of productivity and the introduction of new products will lead to an improvement in its competitive position.

The trading loss for the company and its subsidiaries rose from £78,000 to £4.7m in the final quarter and for the full

year the deficit was £9.1m, compared with a profit of £2.9m. The 50 per cent-owned Hoover (Holland) turned in losses of £872,000 (£316,000) for the quarter and £1.36m (£599,000) for the year.

Apart from redundancy and rationalisation costs, the year's losses were struck by an interest payable of £3.2m (£2.02m). Tax took £835,000 (£1.36m) and the loss per 25p share is stated at 160p (14p).

Hoover is controlled by Hoover Company of the U.S., which owns 57.4 per cent of the equity.

See Lex

Johnson Matthey shows rise

A RISE in taxable profits is shown by Johnson Matthey, gold, silver and platinum refiner, from £20.35m to £25.01m for the nine months to December 31 1981. Sales excluding Johnson Matthey Bankers stood lowest at £583.24m compared with £572.13m last time.

In the third quarter pre-tax profits moved ahead by £1.16m to £11.88m. Stated earnings per £1 share for the nine months were slightly lower at 24.0p, compared with 25.3p.

Pre-tax profits were struck after reduced deductions for debenture and other interests (£1.7m (£837m)) and higher denaturation of £6.53m (£4.46m). Tax for the period took an increased charge of £10.5m (£8.94m).

The higher exchange variation credit of £2.91m (£1.31m) includes realised and realisable exchange gains. Translation differences relating to net assets of overseas subsidiaries and associated companies have been taken to reserves.

Last year's rights issue inevitably still bulks large in Johnson Matthey's profit and loss account. Despite an accelerating capital spend—£17m, has been invested

in the first nine months against a similar amount for the previous nine months. The pre-tax figure is the better by £4.6m of interest elimination. At the operating level progress has been restrained. JM is only

following the record sales performance in our second quarter, the combined effect of the severe weather of December, and the sudden and quite deep recession in North America, resulted in a shortfall in sales from our budget in the third quarter," says Sir Arthur Bryan, chairman.

However, says Sir Arthur, the increase in turnover and the continuation of the rationalisation programme has resulted in a rise in pre-tax profits. Earnings per share improved to 10.1p, against 7.4p last time. "The continuing puny interest rates in this

Carrington losses reduced sharply

BY ANTHONY MORETON, TEXTILE CORRESPONDENT

A "SIGNIFICANT improvement" in the last quarter of 1981 at Carrington Viella, the sheets and shirts to garments group, was reported yesterday by Mr Jeff Hewitt, finance director, when he presented the preliminary results for the group.

This led to a sharp reduction in second-half pre-tax losses from last time's £7.1m to £1.3m, and enabled the group to almost halve its taxable deficit for 1981 to £1.36m, compared with £2.31m.

Furthermore, the group achieved a 25m reduction in borrowings despite meeting rationalisation costs and facing tough trading conditions.

Although the second half of the year is always a better time for textile and clothing concerns, Mr Hewitt professed to be "very encouraged" by the trend in the last quarter.

"The second half of 1980 and the first half of 1981 were the difficult months," he stated. "There was a pick-up in the second half of last year and in the last quarter sales, trading prices and pre-tax profit were better."

But Mr William Fieldhouse, the group's chairman, warned that January "was somewhat disappointing, probably because of the bad weather, and it would be inadvisable not to speculate too much about the next few months." He forecast "continuing difficult trading" in the first half of this year and limited scope for volume increases in turnover.

Carrington Viella has now put its rationalisation programme substantially behind it. This has seen the workforce drop from 25,000 at the end of 1979 to 15,000 at the end of last year; and with announced redundancies taking another 1,000 off the total payroll by the second half of this year.

No further redundancies are expected, though with the delicate state of the textile trade these are always a possibility.

Over the past two years the group has closed 44 production units and substantially reduced another 13 in numbers employed. This has helped to push up sales per employee to £14,820 compared with £12,590 in 1980 and £11,064 the year before.

The company is now building the wide range of new products and from the enlarged showrooms in London.

Attributable profits emerged higher at £3.78m, against a previous net result of £2.21m after an extraordinary debit of £583,000. Dividends took £658,000 (£334,000) which left higher retained profits of £3.12m, compared with £1.86m.

The balance sheet for the period showed shareholders' funds improved from £42.35m to £47.39m. Sundry assets and overdrafts fell by £4.5m to £7.25m. Net current assets fell from £23.76m to £29.58m.

Christmas brought little cheer for Wedgwood. For the 13 weeks ended January 2, sales were down by a tenth and trading profits sank by about 5 per cent. Sterling's weakness against the dollar accounts for much of the

country," says Sir Arthur, "have forced us to defer much of our capital investment programme." He states that taxation is much higher at £2.35m against £853,000 previously. The profit after tax at £3.78m is consequently only £1m higher than the year before.

Interest costs emerged at £1.92m, compared with £2.41m. Sir Arthur says that because of the unrealistic cost of money in this country, the company has been obliged to finance business in the currencies of those countries following more businesslike policies. This policy has resulted in the reduction in interest costs of nearly £1m.

"I regret that there is no firm evidence yet of any improvement in the international or domestic business scene," says Sir Arthur. He adds that he takes comfort from

quarter's figures and that the improvement has been maintained in the third quarter. A breakdown of harvested crops per tonne shows: for the six months rubber 17,722 (19,694), for the 10 months to January 31 1982, 32,180 (34,709) and an estimate for the year to March 31 1982, 37,290 (39,361).

For the same periods palm oil and kernels totalled 73,061 (77,613), 119,206 (121,310) and 139,500 (144,738); cocoa 1,548 (2,232), 2,903 (4,648) and 3,800 (5,716); and copra 2,478 (2,583), 3,931 (4,024) and 4,600 (4,679).

The taxable surplus included investment income of £2.9m (£2.63m) and a share of profits of associates which amounted to £136,000 (£225,000).

Tax for the half year took £4.18m (£5.33m) and after minorities of £38,000 (£53,000) earnings for ordinary shareholders came through well down at 25.77p (£3.69m).

Tax comprised UK £50,000 (£135,000), Malaysia £40.6m (£3.13m) and associated companies £63,000 (£109,000).

The directors of the group, which is 80 per cent owned by Harrison's and Crossfield, say that profits for the second quarter were substantially higher than the depressed first

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The pre-tax deficit was struck after much lower interest charges of £8.8m, against £11.89m, and included a share of profits of associates higher at £381,000, compared with £41,000.

Tax took £2.03m (£1.31m) and after minorities this time of £512,000 and extraordinary debits well down at £12.45m (£21.51m), relating to further rationalisation measures in the UK and the full liquidation of the Italian subsidiary, Carrington Tessit, the attributable loss emerged at £19.44m (£31.13m).

Losses per 25p ordinary share was reduced from 5.53p to 4.14p but, as in the previous year, there is again no dividend—the last payment was a final 0.4p net for 1979 which made a total of 1.1p per share. The directors say that in view of the severe financial difficulties over the last two years it is vital to continue to conserve resources.

On a CCA basis the pre-tax loss widens to £11.89m (£20.11m) and on the same basis loss per share was 8.06p (12.1p).

The consolidated balance sheet at year end shows net current assets at £31.66m (£37.96m). See Lex

sales slippage, but trading profits should have been added, not hurt by this movement. The company blames a "sudden and deep North American recession for the lag in profits. At the pre-tax level, reduced interest payments allowed a slight improvement in the third quarter to £2.1m, a result which should be at least matched in the fourth quarter. The market reacted to the news by pushing 4p of the shares, which at 76p indicates a prospective p/e of around 7. This unexpected rating discounts the prospects of a flat year in 1982, with the exception of some reduction in interest payments. The company says short-term borrowings have declined over the past 12 months, but stocks went up by 5m to £38.7m in the same period. The yield on a maintained final is nearly 8 per cent.

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Scottish American puts more into unquoted

UNQUOTED SECURITIES held by the Scottish American Investment Company accounted for 20.4 per cent of shareholders' funds at the end of 1981, according to the latest annual report. At the end of 1980 unquoted securities represented 13.2 per cent.

"Unquoted companies, so long the Cinderellas of the investment world, have become increasingly fashionable among UK pension funds and other large institutions," says man Peter Turcan.

"We felt that the prices of some of the propositions put to us were far too high, particularly during the early part of 1981. Nevertheless we were able to find some proposals at reasonable valuations and during the year invested net £2.3m in a variety of industrial and service companies, together with £2.9m in unquoted oil companies.

Higher valuations of existing holdings also boosted the importance of this part of the portfolio. Altogether the managers looked at 130 unquoted propositions, compared with 80 to 1980.

The quoted portion of Scottish American's oil investments fell from 20.2 per cent to 12.8 per cent.

Imperial Group, the leading tobacco, brewing and food manufacturer, is set to reap the benefits of its recovery programme in the current year.

The programme did not have time to make a significant impact on the year to October 31 1981 says Mr Geoffrey Kent, chairman. However, despite pre-tax profits falling £20.9m to £108.2m during that period, the company did put up a strong second half performance when it beat its mid-term forecast and achieved a £20.1m advance to £76.3m for the six months.

Nevertheless, on its own, the recovery programme will not lead to the more substantial progress sought by the board, says Mr Kent in his annual statement.

If the group is to return to reliable and steadily increasing prosperity, he states, the directors must decide what major sectors Imperial should

be in and, within those core businesses, where efforts and resources should be concentrated over the coming years.

He sees his main task as being the development and execution of strategic plans to create a rejuvenated and highly profit-oriented group which will transform its recent trading results.

The first step in this process is for skilful strategic management of the group's existing portfolio. The immediate short-term recovery programme, already instigated, is concentrated on consolidation and a general efficiency drive in group operations.

Cost reduction is being strenuously pursued in each division and at head office, which is undergoing a major reorganisation. These efforts will produce a significant and sustained decrease in overheads to a level to keeping with the

greater competitiveness sought, Mr Kent states.

Not only is the company cut costs, it has also taken steps to dispose of businesses which are either not likely to produce an acceptable return or are not seen to fit suitably into future strategies.

The directors are now carrying out a review of all the group's businesses. This will enable them to determine which of them have potential for profitable growth, which should be maintained and nurtured and which should be reduced in size or divested.

The rational allocation of resources for investment can only be made after comparative evaluations have first been carried out, says Mr Kent. In pursuit of this, he has recently improved the group's central planning capability.

Net capital expenditure during 1981 amounted to

£107.6m, some 69 per cent of which was spent in the UK. Contracts for capital expenditure not provided for in the accounts totalled £25.4m (£27.7m), while capital expenditure authorised but not contracted for at October 31 1981 was £18.4m (£34.2m).

The consolidated balance sheet at the year end showed shareholders' funds at £796.05m (£737.11m). Cash and bank balances rose from £20.94m to £30.02m, while short-term borrowings were reduced from £27.45m to £27.17m. Fixed assets totalled £902.62m (£895.46m) and current assets, less liabilities other than borrowings and future tax, amounted to £119.78m (£24.31m).

The annual meeting of the company will be held at the Park Lane Hotel, W, on March 25 at noon.

Daejan well ahead midway

FOR THE six months to September 30 1981 Daejan Holdings, property investment company, increased its pre-tax profits from £1.95m to £2.3m and the net interim dividend, as already announced, is being stepped up from 1.225p net to 1.925p per 25p share—last year's final was 2.025p.

Repairs and service charges less property outgoings for the first half totalled £2.17m (£2.83m), including £366,000 relating to the previous year and the surplus on the sales of properties was £3.8m (£2.43m).

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**SHELL UK** puts another 6.9% on petrol Aug 8-9; motorists show beginning of a persecution complex as petrol heads for £1.10 a gallon Aug 8-9; from the managing director (let) Aug 12-17a; who NCB order Aug 14-15; Matthew Hall Engineering are to supply them with electrical work on their BCL plant Aug 14-15; asked by Office of Fair Trading to explain pricing policies Aug 14-15; Mr Booth's claim on petrol profit levels rebuffed Aug 15-16.

**THE PRICE RISE NOTED IS ALSO COVERED IN THE General SECTION, UNDER PETROL.**

**Petrol:** carrying petrol in Explosive containers (continuing column) Aug 8-7a; Prices: likely to rise the price by 5p Aug 7-8; Shell puts another 5.5p on petrol (graph) Aug 8-24; motorists show beginning of persecution complex as petrol heads for £1.10 a gallon Aug 8-9; pressure grows for Office of Fair Trading inquiry on price increases Aug 8-9; (let) Aug 11-17a; BP, Esso, Mobil raise their prices Aug 11-16; (let) Aug 12-17a; (let) Aug 14-15a; Office of Fair Trading queries petrol wholesalers pricing policies (graph) Aug 14-15; (let) Aug 17-17c; Labour Party urges inquiry into prices Aug 18-19; Shell UK attacks allegations by Albert Booth that profit levels are being understated Aug 19-20; Sales: garage at Thornbury sells petrol at 99p a gallon Aug 20-21.

**THE UK SHELL AND UK PETROL ENTRIES BOTH REFER TO MR. BOOTH, WHO HAS HIS OWN ENTRY IN THE Personalities SECTION.**

**BOOTH** Albert writes to Norman Fowler saying petrol price increases threaten transport of people & freight Aug 18-19; claims on petrol profit

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Please send me details of the INDEX available on:  microfiche  floppy disc  magnetic tape  
 I enclose my cheque for £240 UK or £299 elsewhere, made out to Financial Times Business Information.  Please bill me.  
Signature \_\_\_\_\_ Date \_\_\_\_\_  
**This offer closes on 30th April 1982.**



UK COMPANY NEWS

MINING NEWS

UC Investments may cut payment

BY KENNETH MARSTON, MINING EDITOR

AFTER HAVING increased its 1981 dividend by 10 per cent to 160 cents, UC Investments, the South African gold and platinum investment company in the Group's group is facing lower dividend income in the current year.

CRA defends Ashton diamond valuations

THE LEADER of the Ashton diamond joint venture in Western Australia has countered suggestions that the valuations placed on stones from the project are too low by releasing figures from several independent valuers which show a close correlation with the results of the venture's own valuers.

Falconbridge warns of nickel shortages

UNLESS TODAY'S depressed nickel prices improve in the immediate future, the development of additional capacity will result in temporary shortages, says the chairman of Canada's Falconbridge Nickel Mines.

Table with 2 columns: Company Name, Price. Lists various companies like Banco Bilbao, Banco Central, etc.

Canadian loan for Ok Tedi. Canada's Export Development Corporation (EDC) is lending US\$55m (143m) to the Ok Tedi Mining Consortium of Papua New Guinea.

Croda forecasts £16m profits in bid battle

Croda International, the specialty chemicals group, has forecast profits of about £16m for 1982 in another letter to shareholders explaining why the group is worth "much more than Burmah's present offer of 70p."

On the brighter side, Mr Smith points out that the sale of assets of the 15 per cent owned Belsa Mines to St. Helena will reduce UCI's major future funding commitment to the new uranium-gold mine which is due to be officially opened next week.

English China pays £1.4m for Cedepra

English China Clays has paid around £1.4m in cash for Cedepra Chemical Development and Production AB, a building company of AB CDM which is one of the EEC's agents in Sweden.

SHARE STAKES

Capam... Industries-Caparo Group has purchased 50,000 ordinary shares increasing holding to 32,567,756. Baranara Tea Holdings- Anglo-Indonesian Corporation announces that a subsidiary has acquired 11,999 ordinary shares (4.99 per cent).

WILLIAM HALL LOOKS AT THE ANSBACHER DEAL

Seeking the right formula for success

Mr Charles Williams, the 29-year-old head of Henry Ansbacher and architect of the planned deal with Seascope and Touche Renneart, holds fairly strong views on the future for small merchant banks and these help explain yesterday's announcements.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not given as to whether dividends are being or likely to be paid.

Table with 2 columns: Company Name, Date. Lists meetings for Anglo-Matthews, Anglo-Siam, Anglo-Thai, etc.

Rock Darham again to be set up as 'shell'

FOR THE second time in a little over three years, Rock Darham is being set up as a "shell" company. In 1979, after a recapitalisation, Mr Julius Darham injected his privately owned major interest in the group which then changed its name from Bank Bridge Securities.

SHARE STAKES

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Lorrho seeks to remove Fraser offer objections

LORRHO SHAREHOLDERS have been told by Mr Roland "Tiny" Rowland, chief executive, that the group is seeking to remove objections raised by the Monopolies and Mergers Commission to a full takeover of House of Fraser, which owns Harrods.

Mr Rowland says that the Brentford chain of shops was expanded during the financial year and by the year end 56 shops were open, with three more near completion. In the accounts, the group's printing and publishing activities are shown to be loss-making.

Yearlings total £11.75m

Yearling bonds totalling £11.75m at 14 per cent redeemable on March 2 1983 have been issued this week by the following authorities:

Investment Trusts foreign borrowings

Three investment trusts in the Murray Johnstone organisation have made borrowings from Murray Guaranty Trust of New York.

SCHRODER'S SWISS RISE

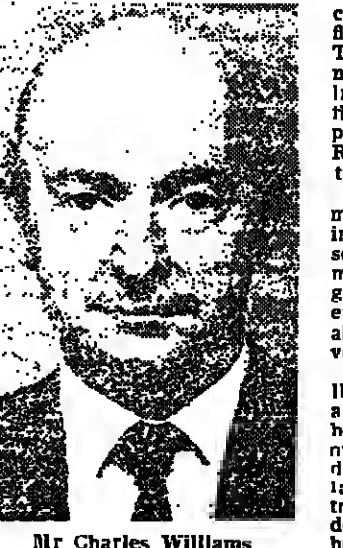
J. Henry Schroder Bank AG, of Zurich, the Swiss subsidiary of London merchant bankers Schroders, is to distribute an increased sum of SwFr 1.5m (£2,000,000 at current rates) in dividend for 1981.

LONDON TRADED OPTIONS

Table with multiple columns: Option, Expiry, Closing price, Vol., etc. Lists various options for different companies.

EUROPEAN OPTIONS EXCHANGE

Table with multiple columns: Series, Vol., Last, etc. Lists European options for various companies like Anglo, BHP, etc.



Mr Charles Williams

the bank has never been large enough to provide the group with the sort of merchant banking services it needs. He is anxious to stress that Seascope is just a commodity trader but is involved in a whole range of other complex trade transactions.

MANN C DM150 TOTAL VOLUME IN CONTRACTS 69923 A=Asked B=Bid C=Call P=Put



CURRENCIES, MONEY AND GOLD

APPOINTMENTS

Dollar easier

Dollar eased slightly against most currencies, but moved within a narrow range, finished near its best levels of the day. Short-term Eurodollar rates fell, and Federal funds also showed an easier trend during early New York trading.

Sterling weakened as London clearing banks cut base lending rates by 1/2 per cent to 13 1/2 per cent, but recovered quickly as it traded, possibly with some help from the Bank of England.

STERLING - Trade-weighted index 90.8, unchanged from noon against 91.1 at the previous close, and 92.4 six months ago. Three-month interbank 14 per cent (14 1/2 per cent six months ago).

EMS EUROPEAN CURRENCY UNIT RATES
Currency amounts from central banks against ECU/February 25

Table with columns for currency, amount, % change, and divergence from 1981. Includes entries for Belgium Franc, Danish Krona, German D-Mark, etc.

EXCHANGE CROSS RATES
Feb. 24
Pound Sterling, U.S. Dollar, Deutschemark, Japanese Yen, etc.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 24)
3 months U.S. dollars, 6 months U.S. dollars

EURO-CURRENCY INTEREST RATES (Market closing rates)
Feb. 24
Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, etc.

MONEY MARKETS
Base rates cut
London clearing bank base lending rate 1 1/2 per cent (since February 25)

Base rates cut
The amount of assistance was £250m, indicating that the market was still short of funds at this close.

LONDON MONEY RATES
Feb. 24
Sterling, Interbank, Local, Foreign, etc.

NEW YORK MONEY RATES
Prime rate, Fed funds, Treasury bills, etc.

FRANCE MONEY RATES
Overnight rate, 7 days, 14 days, etc.

JAPAN MONEY RATES
Discount rate, Call (unclear), Bill discount, etc.

THE POUND SPOT AND FORWARD

Table with columns for Day's spread, close, One month, % Three p.a. months, % p.a. Includes entries for U.S., Canada, Holland, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns for Day's spread, close, One month, % Three p.a. months, % p.a. Includes entries for U.K., Ireland, Netherlands, etc.

CURRENCY MOVEMENTS CURRENCY RATES

Table with columns for Feb. 24, Bank of England, Morgan Guaranty, Feb. 23, Bank of England, Morgan Guaranty, etc.

OTHER CURRENCIES

Table with columns for Feb. 24, Argentina, Australia, Brazil, etc.

Now one rate, \* Selling rate.

Group chief executive for Fairey Holdings

Mr Derek Kingsbury has been appointed group chief executive of FAIREY HOLDINGS from April 8 and chairman of the group subsidiaries.

Mr George Uhlant has been appointed managing director of the group subsidiaries.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adis Investment, Albany Fund Management Limited, Albion International, etc.

FT UNIT TRUST INFORMATION SERVICE

Longfield Joseph & Sons, S&S Investments, S&S Investments, etc.

FT UNIT TRUST INFORMATION SERVICE

Barbican Managers, Baring, Baring, Baring, etc.

FT UNIT TRUST INFORMATION SERVICE

Bank of America International, Bank of America International, etc.

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Bank of America International, Bank of America International, etc.

FT UNIT TRUST INFORMATION SERVICE

Bank of America International, Bank of America International, etc.



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Chrysler sees profit of \$150m this year

By Our Financial Staff
CHRYSLER, the ailing number three U.S. car producer which is expected to report a 1981 loss of around \$500m, is predicting a \$150m profit for the current year, provided interest rates and other economic factors work in its favour.

Test rule for capital markets

A CONTROVERSIAL rule designed to facilitate access to the U.S. capital markets was approved for a nine-month test by the Securities and Exchange Commission yesterday.

British operation pushes U.S. Hoover into the red

By Our New York Staff

HOOVER, the large U.S. manufacturer of household appliances, last year incurred a loss of \$18.8m, primarily because of huge costs sustained in the UK where it is trying to reshape its major foreign subsidiary.

Hoover is in the process of cutting back its British operation and shifting some manufacturing to the Continent.

Philip Morris raises dividend

By Our Financial Staff

AN INCREASE in quarterly dividend from 50 cents to 60 cents a share for the first three months of fiscal 1982 from Philip Morris, second largest in the U.S. cigarette industry, confirms the confidence expressed a month ago when record results for 1981 were announced.

Philip Morris, owner of the Marlboro cigarette brand as well as of the Seven-Up soft drink, and of Miller Brewing,

Sharp rise in Abitibi-Price earnings

By Robert Gibbons in Montreal

ABITIBI-PRICE, the world's largest newspaper producer and owned since last year by Olympia and York Developments, earned C\$127m (U.S.\$105.3m) or C\$5.57 a share last year, against C\$59m or C\$1.94 a share in 1980.

The business revival, when it comes, he declared, will simply mean a "speedier recovery for us."

World Bank to issue \$250m Eurobond

By Alan Friedman

THE WORLD BANK returned to the Eurobond market yesterday with a \$250m six-year offer at 15 1/2 per cent.

There were rumours in the market that the issue might be increased by another \$150m to \$400m if it goes well.

From Australia comes an interesting mini-sized issue, a \$50m five-year offer for the Australian Resources Development Bank.

world's best known borrower, but it is offering a discounted price at 9 1/2, and a 1 1/2 per cent coupon to yield 15.6 per cent.

The borrower hopes to increase its issue to \$100 million the next year and has stipulated a call at 101 after four years.

Chicorp's 15 1/2 per cent paper is starting to pick up interest after a slow start, but Occidental Petroleum's 16 1/2 per cent issue may take a while longer before it makes the grade.

Hoechst to retain 51% of Roussel

By Our Financial Staff

HOECHST, the West German chemicals group, is to retain a controlling shareholding of at least 51 per cent in Roussel-Uclaf, its French pharmaceutical subsidiary, under an agreement announced yesterday with the French Government.

The French Government is to own a 33 per cent blocking minority in Roussel and will in future account for half the seats on Roussel's 12-man board.

The Franco-German agreement ends five months of negotiations over the "nationalisation" of Roussel, one of three foreign-owned companies targeted for state takeover.

National Semiconductor setback

By Louise Kehoe in San Francisco

NATIONAL SEMICONDUCTOR, the California-based microchip manufacturer, expects to report its first quarterly loss in 15 years in the third quarter ending March 7.

National did not reveal the size of the expected loss but it could be as high as \$12m or 50 cents a share.

Record result for Moore

By Our Montreal Correspondent

MOORE CORPORATION, the world's largest producer of business forms, earned a record U.S.\$115.4m or \$4.12 a share in 1981, against \$111.9m or \$3.99 a share a year earlier.

Austrian company draws second DM 100m credit

By Duncan Campbell-Smith

THE AUSTRIAN state-owned holding company, Oesterreichische Industrieverwaltung, proceeded with the second DM 200m credit launched late last year, with a small group of Austrian banks.

The domestic Dutch guild market is suggested again by a private deal offering F1,000m for 10 years at a fixed rate.

NORTH AMERICAN QUARTERLY RESULTS

Table with multiple columns for companies like BELL & HOWELL, CARNATION CO., FABERGE, FOSTER-WHEELER, HARNISCHFEGGER, KELLOGG CO., M. LOWENSTEIN, LUBRIZOL, R. H. MACY, OVERSEAS SHIPHOLDING, RICHMOND TANK CAR, SANDERS ASSOCIATES, SOUTHLAND CORP., TAMPAK, and others. Columns include 1981 and 1980 quarterly and annual figures for Revenue, Net profits, and Net per share.

FT INTERNATIONAL BOND SERVICE

Table listing international bond issues with columns for Issued, Bid, Offer, and Change on week. Includes sections for U.S. DOLLAR, STRAIGHTS, DEUTSCHE MARK, and SWISS FRANC.

Advertisement for C. ITOH & CO., LTD. featuring the company logo, name, and details of 11 PER CENT GUARANTEED BONDS DUE 1987 WITH WARRANTS TO SUBSCRIBE FOR COMMON STOCK OF C. ITOH & CO., LTD.

Advertisement for THE DA-ICHI KANGYO BANK, LIMITED, listing various international branches and services such as The Nikko Securities Co., Deutsche Bank Aktiengesellschaft, and others.



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Istanbul's great money lending bubble has burst. Metin Mumir reports

Painful lesson for Turkish savers

MR CEMAL MULAZIMOGLU had always wanted to go into real estate. Last year, at the age of 45, he retired from the teaching profession and used his 500,000 Turkish lira (£125,000) severance pay to open a real estate office in Ankara. He could not have chosen a worse time. The real estate business in Turkey was going through one of its most difficult patches as a result of the Government's tight money policies. He was to discover this in his first three months in business, when not a customer knocked on his door. Mr Mulazimoglu's money started running out. He could have sold out at a loss but he feared for his family's livelihood. So, as Mr Mulazimoglu reminisces from jail, he decided to change his line of business. He became a "banker" and placed advertisements in newspapers offering 90 per cent net interest on yearly deposits, 40 per cent higher than conventional banks. Soon, his business was booming. In four months, he collected 100m Turkish lira (£25m,000). He moved into a plush office, bought two flats and ordered television sets. In spite of the fact that Turkish television broadcasts only in black and white. Then one day, the dam burst, says Mr Mulazimoglu. Last month, he was mobbed by his customers, who demanded their money back, and arrested. "Banking in Turkey is a euphemism for moneylender, an activity which really took off after July 1980, when the Government gave banks freedom to determine deposit interest rates. The move, which was a part

of the economic austerity programme, was intended to attract consumer funds away from the marketplace and control an increasing inflation rate, running at 100 per cent. It succeeded—perhaps too well. In less than one year, banks raised rates, available on saving deposits from 12 to 50 per cent annually. The cost of short-term commercial loans shot up from 25 to 85 per cent. The inflation-fueled national shopping spree halted to be replaced by an unprecedented decline in consumer demand. Money, which had traditionally been the cheapest and most abundant factor in production, almost overnight became the scarcest and most expensive. The outcome was a monetary earthquake, which is probably the severest blow yet to the 18-month-old military regime. It is still rocking the Turkish economy and is likely to engulf many businesses, big and small, before it stops. "We found ourselves out in the open in winter wearing summer clothes," says Mr Rahmi Koc, a leading Turkish industrialist, describing the economic sensation. Many others found themselves in the same situation with no clothes on at all and it was apparently their screams which brought the moneylenders short-lived success. The scream was for money at any price and came from businesses so close to financial collapse that no bank or broker would lend them money. Suddenly last summer, Turkish newspapers were filled with page-long "banker" advertisements offering up to 144 per cent annual interest payable in

monthly instalments. Money-lenders' offices mushroomed in business districts of large cities like Ankara, Istanbul and Izmir. Their fundings included a shapely fashion model (now in prison), a group of gangsters, a high school student, and a former waiter at a hamburger bar. People started selling their dowries, gold, furniture and flats and queued outside money-lenders' offices to deposit their funds in exchange for what later turned out to be worthless pieces of paper. Some even borrowed from the conventional banks to invest with the moneylenders. It was a gold rush fuelled by greed, gullibility, or the gambling instinct. But probably the most common motive was desperation. Many in the crowds outside the money-lenders' offices were middle-class civil servants, retired people and army officers who were crushed between low salaries and the high cost of living. The majority probably did not know, or care, about the correlation between risk and high returns or that no business which borrowed at 170 per cent a year could hope to survive. But a few hundred thousand lire at the "banker" fetched twice the average civil servant's salary. Dusk fell on the market last September when the Government, probably afraid of the proportions the market had attained, decided to introduce legislation to control the money-lenders. Mr Kaya Erdem, the Minister of Finance, said: "Those who have invested their money with the bankers have gambled." Some big brokerage firms and banks which were

becoming irritated with the moneylenders' competition joined in the attack, which last month brought the "bankers" to their knees. Crowds again developed outside moneylenders' offices, this time to demand their money back. But very few "bankers" were in. Once the money stopped pouring in, there was no way they could service their debts. Two brokers committed suicide. One in Izmir was nearly lynched by his depositors. Angry crowds set fire to one moneylender's office in Ankara. Many disappeared or, like Mr Mulazimoglu, who calculates that he will be sentenced to 600 years in jail (four months for each of his 1,800 cheques which bounced), were arrested. Others declared bankruptcy. From the screams of agony, one could deduce that half of the staff of the Central Bank, the Ministry of Finance and many Turkish diplomats had invested in the "bankers." In one state-owned bank, nearly all the staff had borrowed from the bank at concessionary rates and gone to moneylenders. Even now that the market has virtually completely collapsed, nobody, including the Ministry of Finance, knows the extent of the damage. Nobody knows how many moneylenders there had been, how much money they collected or where this money went. The estimates vary between the equivalent of \$40m and \$180m. Probably the only consolation to be drawn from the moneylenders' collapse is that it has taught the Turkish public a lesson in investment it will not forget.

Alusuisse drops into the red

By John Wicks in Zurich ALUSUISSE, THE Swiss aluminium producer which ranks as the sixth largest in the world, has dropped into the red for 1981 and is being forced to halve its dividend. Weak demand and low aluminium prices have pushed the company into losses of SwFr 52.5m (\$25m), against a profit of SwFr 183.3m in 1980. The dividend is going down from 10 per cent to 5 per cent. This is the first time the profit-and-loss account has been in the red since 1975, when there was a loss of SwFr 21m. Cash flow for the year sank from SwFr 548.7m to SwFr 359.6m, despite extraordinary income of SwFr 75m. Depreciation was SwFr 411.7m, almost exactly in line with 1980. Turnover fell slightly short of the 1980 record, dropping from SwFr 6.9bn to SwFr 6.89bn. This was largely the result of the sharp fall in aluminium prices last year. In 1980, the aluminium division accounted for about 70 per cent of total sales. Last November, Alusuisse said it expected "substantially lower profits" at both parent company and group levels. Positive results achieved by the chemicals and engineering divisions, and the U.S. car parts subsidiary, Marcament, were insufficient to compensate for a sudden deterioration in aluminium business.

COLGATE-PALMOLIVE COMPANY

through its subsidiary Colgate Holdings (U.K.) Limited

has sold

JOSEPH TERRY & SONS LIMITED

to United Biscuits (Holdings) p.l.c.

We acted as financial advisers to the Colgate Group

SAMUEL MONTAGU & CO. LIMITED

CROCKER BANK

February, 1982

Norwegian shipping line suffers steep setback

BY FAY GJESTER IN OSLO

LEIF Hoegh, one of Norway's leading shipping groups, reports a steep fall in 1981 operating income to Nkr 467m (\$77.8m) from Nkr 524m and says that 1982 promises "no significant improvement" in profitability. The setback is steeper than expected. At the half-year, the group forecast a 12-month result of Nkr 500m, before depreciation and interest costs. The company blames the decline on "difficult market conditions for oil/dry cargo tonnage, coupled with the winding up of a container line. Another "negative contribution" was made by two recently acquired cruise vessels. In contrast, improved results were shown by the car and LNG/LPG carriers. Hoegh, which is a managing company operating vessels on behalf of ship holding companies and a number of Nor-

wegian and foreign investors, says the liquidity of the ship holding companies is good. The group operates a fleet of 53 vessels totalling 2,27m dwt, including 11 totalling 400,000 dwt chartered for more than a year. It puts the value of the fleet at Nkr 5,250m at end-1981. Vessels on charter are not included in this figure. During 1981 two liner ships, three oil/bulk/ore vessels and one LPG carrier were sold, some of them for future delivery. The group took delivery of eight new ships and orders were placed for two ro-ro roll-on/roll-off car carriers plus three general-cargo/container ships. Ships on order on behalf of Norwegian and foreign investors comprise four ro-ro/car carriers, four paramax/obo ships and three general-cargo/container vessels.

Sales revival helps boost earnings at Saab-Scania

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN GOTHENBURG

SAAB-SCANIA, the Swedish automotive and aerospace group, yesterday reported an increase in pre-tax profit from SKr 970m to SKr 1,052m (\$184m) for 1981. The result improves on the forecast by Mr Sten Gustafsson, the managing director, at the eight-month stage, that it could match the previous year's earnings. Sales for both trucks and cars were unexpectedly strong in the last four months, which produced earnings of SKr 440m against SKr 287m for the second four months and SKr 325m for the first four months. The dividend is to be SKr 8 per share, an effective increase of SKr 1.29 a share. Sales climbed by 16 per cent to SKr 16.2bn. (\$2.84bn), of which 56 per cent were outside Sweden. Sales of Scania trucks, which had advanced by only 4

per cent during the first eight months, climbed by 11 per cent to SKr 7.3bn for the year as a whole. Saab cars, which had also raised turnover by only 4 per cent in the eight months, ended the year with a 27 per cent increase to SKr 4.45bn. The profit of the car division is described as "substantially improved." The truck division, which includes the Swedish agency for Volkswagen and Audi cars, turned in another "good result." Aerospace boosted sales by 31 per cent to SKr 1.4bn and gave a "largely unchanged result." Pre-tax profits include currency translation gains of SKr 72m. If this is eliminated, earnings are SKr 980m, against SKr 966m. The 1981 figures absorbed SKr 231m in net financial charges, which were SKr 84m up on 1980.

Danish savings bank falls heavily into loss

BY HILARY BARNES IN COPENHAGEN

THE NEED to more than double provisions for bad debts has pushed Denmark's largest savings bank, SDS, heavily into the red for 1981. Net losses total Dkr 180m (\$23m) after bad debt provisions up from Dkr 158m to Dkr 338m. In 1980, the bank returned a net profit of Dkr 26m. The bank made an operating profit of Dkr 221m, and after a Dkr 290m adjustment for portfolio values, the pre-tax return was Dkr 99m against Dkr 251m.

Mr Knud Christensen, chief executive, emphasised yesterday that with a ratio of capital running at 10.8 per cent of loans and guarantees the bank "remains very sound." OKOBANK, the central bank of the commercial bank organisation in Finland, had a "satisfactory" year in 1981. Mr Seppo Kostinen, the executive president, said the net profit was FM 17.8m (\$4m) compared with FM 12.9m in 1980. The dividend payment is 8 per cent. However, the year was not

without its problems, as the economy moved into a recession and the weather ruined the harvest. Farmers are big customers. Deposits increased by 16.9 per cent and at the end of the year stood at over FM 20bn for the first time. Lending increased by 19.3 per cent. This put strains on the bank's liquidity which made it resort to borrowing from the Bank of Finland. Despite these reverses, the

bank raised its share of the deposit market to 23.4 per cent, putting it in third place among Finnish commercial banks. Okobank's liquidity ratio declined from 9.08 per cent in 1980 to 7.73 per cent last year, but was still well above official minimum levels. The maximum possible depreciation was made, and FM 20m was added to the credit loss reserve. Balance sheet total was FM 7.46bn, compared with 6.3bn in 1980.

RSV seeks loan rescheduling

THE DUTCH shipbuilding and engineering group, Rijn-Scheide-Verolme (RSV), is attempting to reschedule government-backed loans totalling Fl 150m (\$58m). The company, which has incurred considerable losses in recent years, hopes thereby to improve its financial rating and attract additional long-term financing. RSV has begun talks with the Government to delay the repay-

ment of the 9 per cent 10-year loan, which is backed by a guarantee from the National Investment Bank. The loan was taken up in 1977 and had a three-year grace period before repayments start. It was provided by Algemene Bank Nederland, Amsterdam-Rotterdam Bank and the NIB. The company expects its 1981 loss to be lower than the Fl 28.7m deficit of 1980.

THE HONGKONG BANK GROUP

announces that on and after

25th February, 1982

the following annual rates will apply

Base Rate . . . 13 1/2% (Previously 14%)

Deposit Rate (basic) 11% (Previously 12%)

The Hongkong and Shanghai Banking Corporation

The British Bank of the Middle East

Mercantile Bank Limited Antony Gibbs & Sons, Ltd.

Midland Bank Interest Rates

Effective from 25th February 1982.

Base Rate

Reduces by 1/2% to 13 1/2% per annum.

Deposit Accounts

Interest paid quarterly on 7 day deposit accounts reduces by 1/2% to 11% p.a. APR 11.4%.

Abatement Allowance

On ledger credit balances of current accounts which are subject to a standard personal current account tariff and do not qualify for free terms reduces by 1/2% to 7% p.a.



FRANCO TOSI INDUSTRIALE S.p.A.

DM 50.000.000 Medium Term Facility

Guaranteed by FRANCO TOSI S.p.A.

Arranged by Credito Italiano

Funds provided by

- Banque Française du Commerce Extérieur Continental Bank S.A. Crédit du Nord Crédit Lyonnais Credito Italiano, London RBC Finance B.V. Société Financière Européenne Finance Company N.V., S.F.E. Group Standard Chartered Bank Limited

Agent

CREDITO ITALIANO, LONDON



February 1982



In accordance with the provisions of the Placing Memorandum the terms for the issue below were set at 3 p.m. yesterday.



# TransCanada Pipelines Limited

(Incorporated under the laws of Canada)

Placing on a yield basis of

## £25,000,000 Unsecured Notes

automatically exchangeable at par on May 21, 1982 for

### 16½ per cent. First Mortgage Pipe Line Bonds 2007

Issue Price £98.534

## Hambros Bank Limited

25th February, 1982

We are pleased to announce the election of

**JOHN A. LUKE**  
President  
of Westvaco Corporation

as a member of our  
Board of Directors

## DISCOUNT CORPORATION OF NEW YORK

58 Pine Street, New York, N.Y. 10005

### Companies and Markets

# INTERNATIONAL COMPANIES and FINANCE

## Woodside Petroleum gas sales lift income

By Our Financial Staff

WOODSIDE PETROLEUM, the leading partner in Australia's North-West Shelf liquefied natural gas project, lifted net profits in 1981 to A\$1.51m (U.S.\$1.65m) from A\$1.32m a year earlier.

The company, which announced in January the postponement of the second stage of the project, said its 1981 turnover rose to A\$9.84m from A\$7.61m while other gross income rose to A\$5.63m from A\$1.75m.

Higher earnings last year reflected improved sales and prices from Woodside's Cooper Basin interests in the centre of the country.

The net profit resulted after tax of A\$2.71m (A\$312,000 in 1980), depreciation of A\$1.34m (A\$1.55m), interest of A\$189,000 (A\$279,000) and minorities of A\$1.47m (A\$1.2m).

In 1981 the company drew down A\$145.31m from the U.S.\$1.4bn syndicated credit it arranged in January, 1981 to finance its 50 per cent share of the North West Shelf project.

The money drawn down helped to finance the first stage of the project, which involves supplying 380m cu ft a day of natural gas to the Western Australia state power commission. Work began early last year and gas supplies should start to flow in late 1984.

The delay in the second phase of the North West Shelf project, which will be geared to exports, has been caused by the protracted and so far inconclusive price negotiations with a group of Japanese utilities. A delay of at least a year is still considered likely by Woodside.

Interest and debt service costs on the company's loans are being capitalised as project expenditures until the start up of commercial operations.

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## Ampol ahead

Ampol, the Australian resources and industrial company, has lifted its net profits for the six months ended in December by one-third to A\$19.19m (U.S.\$20.8m) from A\$14.39m a year earlier, our Financial Staff reports.

Sales rose to A\$421.6m from A\$373.34m while other gross income rose to A\$125,000 from A\$69,000.

## Modest advance in net earnings at Asahi Glass

By Our Financial Staff

ASAHI GLASS, Japan's leading glass maker which also has extensive chemical interests, has reported a modest increase in unconsolidated net profits for the fiscal year ended December.

Net earnings edged up by 1.8 per cent to ¥23,680m (\$101m) from ¥23,250m a year earlier, in sharp contrast to the 35 per cent growth in 1980 from a year earlier.

Net per share fell to ¥24.14 from ¥25.81 because of a share issue during the year. Sales were essentially flat in 1981 at ¥473,970m (\$2,020bn), against ¥471,570m, reflecting the persistent sluggishness of the domestic economy.

Japanese housing construction activity has continued to decline, causing Asahi's flat glass sales to be lower in 1981 than a year earlier.

This was offset, however, by sales of glass for cars and colour television sets. Overall glass sales, accounting for 57.5 per cent of the company's turnover, rose by 1.3 per cent from 1980.

Chemical products, accounting for 36.9 per cent of total turnover, recorded a 1.5 per cent drop from a year earlier.

Asahi economic recovery this year which should lead to higher glass sales and earnings. Total unconsolidated net earnings are forecast to reach ¥24,500m.

The company has been expanding rapidly in Europe. In April last year, it bought the Belgian and Dutch glass making operations of BSN-Gervais Danone of France for \$46m.

Turnover of the parent and its 15 consolidated subsidiaries rose by only 1.3 per cent to ¥138,800m (\$590m). Profits per share fell to ¥51.8 from ¥54.36.

Cameras' share of total sales continued their fall of recent years, slipping by about 1.5 per cent to 52.5 per cent of the total. Microscopes' share rose slightly to take 29 per cent while fiberoptics and tape recorders showed strong growth to take 10.4 per cent and 5.4 per cent respectively.

Overseas sales, representing 68.2 per cent of the total, were flat in volume terms but the appreciation of the yen against the dollar caused a small fall in value terms.

Olympus had reported in December a 1.4 per cent fall in parent company operating profits for the year, mainly because of exchange losses resulting from the yen's appreciation.

Parent company net profits rose 7.3 per cent to ¥8,780m on sales of ¥103,170m, up by 7.1 per cent.

The company did not give a consolidated earnings forecast for the full year, although it said it expects a major sales contribution from its optical pick up system for video and digital auto records.

Parent company net profits are forecast to rise by 5.9 per cent to ¥770m on sales expected to advance by 11.4 per cent to ¥115bn.

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## UMW to double its capital

By Wong Sulong in Kuala Lumpur

FAST-EXPANDING United Motor Works has announced share issues that will double its paid-up capital and raise money to pay for its recent purchase of the Toyota vehicle franchise in Malaysia from Iochape Berhad.

UMW, which has grown from a Chinese family machinery distributing business to one of Malaysia's top 10 corporations in the past decade, said it would make a one-for-three rights issue to raise 84.5m Ringgit (US\$36.3m). The 24.1m shares of one Ringgit par value are priced at 3.5 Ringgit each.

At the same time, UMW announced a two-for-three bonus issue.

The rights will not be entitled to the bonus issue, and both these issues will not be eligible to the final dividend for the year ended December 1981.

UMW said the 84.5m Ringgit from the rights would go partly to pay its share of the purchase of the Toyota franchise.

UMW's 53 per cent-owned Sejati Motors has agreed to pay 135m cash to Iochape Berhad for the assets relating to the assembly and distribution of Toyota cars in Malaysia.

The other shareholders of Sejati Motors are Bumiputra (Malay) institutions and Toyota Motor Sales of Japan.

Money from UMW rights would also go to reducing the group's external borrowings, and to build a workers' residential complex outside Kuala Lumpur.

Apart from the Toyota franchise, which has an annual turnover of 600m Ringgit, UMW has also purchased the Fiat franchise in Malaysia for 45m Ringgit.

The group's original business is distribution of Japanese heavy equipment, particularly Komatsu machines.

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## Olympus profits fall by 10.5%

By Yoko Shibata in Tokyo

OLYMPUS OPTICAL, the Japanese manufacturer of cameras and other optical equipment, has suffered a 10.5 per cent fall in consolidated net profits to ¥7,040m (\$30m) in the year ended October.

Turnover of the parent and its 15 consolidated subsidiaries rose by only 1.3 per cent to ¥138,800m (\$590m). Profits per share fell to ¥51.8 from ¥54.36.

Cameras' share of total sales continued their fall of recent years, slipping by about 1.5 per cent to 52.5 per cent of the total. Microscopes' share rose slightly to take 29 per cent while fiberoptics and tape recorders showed strong growth to take 10.4 per cent and 5.4 per cent respectively.

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## Higher cost of funds at PNB

By Emilia Tagaza in Manila

HIGHER COST of funds and increased operating expenses have slowed down the rate of profit increase at the State-owned Philippine National Bank (PNB), the largest commercial bank in the country.

Mr Panfilo Domingo, PNB's president, reported that net profit for 1981 reached 280m pesos (\$29m) compared with the net profit of 211m pesos (\$26m) in 1980. This is an increase of 9 per cent, compared with the previous year's increase of 13 per cent.

Gross income increased from 3.3bn pesos (\$413m) to 5.6bn pesos (\$707m) in 1981, but total expenses rose even more, from 3.1bn pesos (\$376m) to 3.7bn pesos (\$478m).

## Two Sime plantations drop dividend payments

By Our Kuala Lumpur Correspondent

TWO PLANTATION subsidiaries of Sime Darby-Benta and Taiping Consolidated—report sharp falls in interim earnings and are dropping dividend payments. Previously Benta paid out 5.8 cents and Taiping 10 cents a share.

Last week Sime, and its two major subsidiaries, Consolidated Plantations and Tractors Malaysia, also reported half-year profit setbacks because of the recession and weak commodity prices, but their dividends are being maintained.

The results of Sime's plantation units show that operating rubber estates are now barely profitable in the present recession, although palm oil is moderately profitable.

For six months ended December, Benta's pre-tax earnings were down 72 per cent, from 2.4m to 675,000 Ringgit (US\$ 290,000), while that of Taiping Consolidated fell 50 per cent from 378,000 to 187,000 Ringgit.

Malakoff, the 56 per cent owned plantation subsidiary of Boustead Holdings, has announced the sale of a rubber estate for 25m Ringgit. The purchaser of the 800 acres of the Sungai Tuah division of the Broome Estates in province Wellesley, in north Malaysia, is not disclosed.

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The principal Korean investors in the merchant bank are Korea Development Bank with 30 per cent, Korea Exchange Bank with 10 per cent.

Chemical Bank of the U.S. has taken a 23 per cent stake in Sae Han Merchant Banking Corporation of South Korea, our Financial Staff writes.

Chemical bought 13 per cent of the 20.5 per cent shareholding of HBI Samuel of Britain, the 7.5 per cent stake of Banque Arabe et Internationale d'Investissement (BAII) and the 2.5 per cent holding of BAIL Trust.

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## Alexander & Alexander Services Inc.

has acquired

## Alexander Howden Group Limited

Smith Barney, Harris Upham & Co. Incorporated acted as financial adviser to Alexander & Alexander Services Inc. and negotiated the structure and terms of this transaction. Morgan Grenfell & Co. Limited acted as financial adviser to Alexander & Alexander Services Inc. in this transaction with regard to United Kingdom matters.

Smith Barney, Harris Upham & Co. Incorporated

Morgan Grenfell & Co. Limited

US \$50,000,000

## GTE FINANCE N.V.

Floating Rate Notes Due 1987  
Convertible into 10% Bonds Due 1992

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period commencing on February 26, 1982 the Notes will bear interest at the rate of 15¼% per annum. The interest payable on the relevant Interest Payment Date, August 31, 1982 against Coupon No. 4 will be US\$400.42 and the Conversion Interest Amount will be US\$1.39 per Note converted.

Interest Determination Agent  
ORION ROYAL BANK LIMITED

## The Republic of Panama U.S. \$70,000,000

Floating Rate Serial Notes due 1990  
For the six months  
26th February, 1982 to 31st August, 1982

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 16¼% per annum, and that the interest payable on the relevant interest payment date, 31st August, 1982 against Coupon No. 3 will be U.S. \$749.81

The Industrial Bank of Japan, Limited  
Agent Bank

VONTOBEL EUROBOOND INDICES			
145.76 = 100%			
PRICE INDEX	23.22	18.22	AVERAGE YIELD
DM Bonds	91.95	91.98	DM Bonds
Hfl. Bonds & Notes	85.71	85.58	Hfl. Bonds & Notes
U.S. & Str. Bonds	85.32	86.02	U.S. & Str. Bonds
Can. Dollar Bonds	80.55	80.56	Can. Dollar Bonds



Courtts & Co. announce that their Base Rate is reduced from 14% to 13½% per annum with effect from the 25th February 1982 until further notice.

The Deposit Rate on monies subject to seven days' notice of withdrawal is reduced from 11½% to 11% per annum.

## Barclays Bank Interest Rates

**BASE RATE**  
Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 25th February, 1982, their Base Rate will be decreased from 14% to 13½% per annum. This new rate also applies to Barclays Bank Trust Company Limited.

**RATES FOR SAVERS**  
Bonus Savings and Payplan Accounts. Interest paid will be decreased from 14% to 13% per annum.

Ordinary Deposit Accounts. Interest paid will be decreased from 12½% to 11% per annum.



Reg. Office: 52, Lombard St., LONDON E.C.3. Reg. No. 24899, 250020 and 250021.

## National Westminster Bank PLC



Companies and Markets **INTL. COMPANIES & FINANCE**

Analysts came from far and wide, on the rare offer to talk to a U.S. home goods giant, reports David Lascelles

# Procter and Gamble calls a meeting

FOR A COMPANY which boards the world with so many products (Tide, Dash, Fairy Liquid, Crest, paper nappies, coffee and many others), Procter and Gamble keeps a remarkably low corporate profile.

This wary giant of the kitchen and bathroom goods business, from its headquarters for the past 145 years in this south Ohio town, tells the world little about itself, let alone what new wonders it is cooking up for supermarket shelves. It breeds all its own executives, never hires outside, borrows little money, and courts no publicity.

But P and G has been unable to escape either controversy or curiosity, let alone the grueling attention of competitors. In the past two years a number of upheavals have dented its hard-earned reputation for quality, and raised questions about where it goes next.

One was the disastrous association of its new tampon, Rely, with toxic shock syndrome (TSS), a little-known but occasionally fatal disease, which forced P and G to write-off the product at a cost of \$75m and brought a string of lawsuits. The other was a top-level management change which has given it a new chief executive.

All this has taken place against a persistent rumble of protest at what is seen as P and G's exploitation of sex and violence in its massive advertising campaigns. That protest had added to it one by the Steelworkers' Union, which is urging housewives to boycott P and G soap products to back its struggle for full recognition at P and G's large soap factory in Kansas City.

But P and G clearly wants the world to believe that none of these things have changed it at all.

In a rare meeting with finan-

cial analysts in Cincinnati last week—so rare that analysts travelled hundreds of miles to attend it—Mr John Smale, the new president and chief executive, delivered a brief speech which revealed little that was new, and added: "Ours has always been a company run on a base of principles. These principles don't go out of style. They don't change with a new face in the chief executive's office."

But Mr Smale did acknowledge the biggest question on his audience's mind: How can P and G keep growing when it is already so big, has so many products (\$9 in 22 countries) and has just suffered the biggest setback in its history?

The answer, he said, was by penetrating even deeper into its markets, finding new ones—especially abroad—and diversifying, possibly by acquisition. All this should enable P and G to maintain its traditional 7 per cent to 7½ per cent growth rate, "I hope," said Mr Smale. P and G recently bought its way into the soft drink and juice market.

On its home territory, Mr Smale commented, P and G "has barely scratched the surface of the U.S. market for consumer products normally sold through food, drug and mass merchandise stores." He estimated it had only 3.5 per cent of this market which is worth \$200bn a year at the wholesale level.

Abroad, P and G's penetration is even smaller. "In the years ahead," he said, "we see excellent growth potential for our international business—through diversification into businesses which have a track record of domestic success, through quicker transfers to international markets of successful new U.S. brands and through entry into new countries."

P and G's foreign strategy is to establish its soap and deter-



Mr John Smale, chief executive

gent business first, and build on them, he said. At the moment, P and G markets only one product in identical form worldwide—Pampers, its successful disposable nappies.

But Mr Smale's speech, while long on generalities, yielded as many specifics as a squeezed-out tube of Crest, and left analysts little the wiser.

"All you have to go by is their track record," said one, "and apart from Rely you have to admit it's pretty good." The excitement generated before the meeting pushed P and G's share price back up to the level it enjoyed before the Rely scare battered it last year.

Rely was traumatic for P and G, a company which clearly feels it has a moral, as well as a business, obligation to market the best products it can. It was also a blow for Cincinnati, where P and G employs more than 12,000 people and is an overwhelming corporate presence with ties to almost every household. Many

are shareholders because P and G is one of the few U.S. companies which has no pension plan: instead it dishes out stock in a profit-sharing scheme which, it believes, binds the corporate family tighter.

The \$75m write-off, along with product liability insurance, should cover all costs, legal and otherwise, arising from the Rely affair. Some people speculate that P and G might go so far as to sue the Federal Centre for Disease Control, which officially linked Rely with TSS. P and G has denied the link exists and has set up research funds to investigate the disease. The incidence of TSS has not decreased since Rely was withdrawn, it claims.

But most analysts believe such a suit is unlikely. "They'd rather see the matter quieted down," said Mr Hercules Segalas of Drexel Burnham Lambert, a former P and G employee.

Mr Smale declined to make any profit forecasts, but P and G's earnings in the first six months of its 1982 fiscal year were \$144m, up 18 per cent despite the sorry state of the economy. P and G has traditionally weathered economic downturns well, because it sells low-priced household essentials which are the last things to get struck off the family budget when times get tough.

But Mr Smale said his company was not wholly recession-proof, because sales were ultimately determined by real disposable income, which was not growing strongly at the moment. P and G, however, has been able to draw demand by making the most of the abatement of U.S. inflation to hold down prices.

And does he think the Reagan programme will work? "Only time will tell," he said in P and G's best equivocal style.

## Kuwaiti investors anger Bahrain

BY MARY FRINGS IN BAHRAIN

BAHRAINI authorities have reacted angrily to premature trading by Kuwaiti investors in the shares of a US\$100m-capital Bahraini offshore investment company that is still waiting formal registration.

This may lead the Bahrain Monetary Agency to tighten controls over a range of institutions, from banks to commodity traders.

Mr Ibrahim Abdul Karim, the Minister of Finance, has expressed his concern to protect Bahrain's reputation as a financial centre. Also, he does not want Bahrainis trading in

shares of companies without established financial status.

The company in question is the Bahrain Investment Centre. Its Kuwaiti backers had applied to the Ministry of Commerce for its registration as a Bahraini closed joint stock company under the Exempt Company regulations. These rules permit the incorporation of companies in a tax-free environment, and without a 51 per cent Bahraini interest, provided they do not compete in local markets.

The promoters received a letter indicating that the Ministry had no objection in prin-

ciple, and advising them to prepare documents such as a list of founders, draft articles of association and a statement of corporate objectives.

Apparently, the Kuwaitis took the Ministry's letter as a go-ahead, paid in \$95m of capital and began trading in the shares.

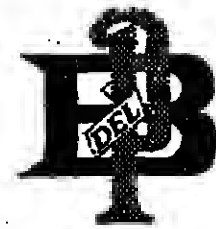
But public trading in the shares of Bahraini closed stock companies is prohibited in Bahrain, as is private trading for the first three years of a company's life.

There is a grey area in the

commercial regulations in Bahrain over responsibility for approving the formation of investment companies, which use their shareholders' funds to invest in equities, real estate, or debt securities but do not accept deposits.

Such activities, which were not in the past significant in Bahrain, have not required a formal licence. But the BMA was drawn into the arrangements for setting up two other offshore investment companies, Pearl and Gulf Investment, because they were offering shares for public subscription.

This announcement appears as a matter of record only



## BANCO DEL PICHINCHA LIMITED

US \$25,000,000  
Medium Term Loan

Managed by  
CITICORP INTERNATIONAL GROUP

EURO-LATINAMERICAN BANK LIMITED  
-EULABANK-

Provided by

- |  |  |
|--|--|
| CITIBANK, N.A.   | EURO-LATINAMERICAN BANK LIMITED<br>-EULABANK-              |
| BANCO DE COLOMBIA S.A.<br>(PANAMA)                       | BANCO DE LA NACION ARGENTINA                               |
| BANCO MERCANTIL Y AGRICOLA C.A.<br>PANAMA BRANCH         | BARCLAYS BANK INTERNATIONAL<br>LIMITED                     |
| SEATTLE FIRST NATIONAL BANK<br>NASSAU BRANCH             | SECURITY PACIFIC BANK                                      |
| BANQUE NATIONALE DE PARIS                                | DEUTSCH-SÜDAMERIKANISCHE BANK AG.<br>(DRESDNER BANK GROUP) |
| BAYERISCHE HYPOTHEKEN-UND<br>WECHSELBANK AG.<br>NEW YORK | INTERNATIONAL MEXICAN BANK LIMITED<br>-INTERMEX-           |
| NATIONAL WESTMINSTER BANK<br>GROUP                       | WILLIAMS & GLYNS BANK LIMITED                              |

Agent  
CITIBANK, N.A.

January 1982

This announcement appears as a matter of record only

## Ashok Leyland Limited Madras

Project Line of Credit to provide finance for imports of capital goods from the United Kingdom

**£21,000,000**

With the support of

**Export Credits Guarantee Department**

Arranged and Provided by

**Grindlays Bank p.l.c.  
London**

This announcement appears as a matter of record only January 1982



K.D. 2,500,000  
Loan Facilities

Provided by  
**The National Bank of Kuwait S.A.K.**

Guaranteed by  
Banca Commerciale Italiana SpA  
Banque de l'Indochine et de Suez-Italia SpA Indosuez  
Banque Française du Commerce Extérieur  
Crédit Commercial de France S.A.  
Crédit Lyonnais

Advisor to the Borrower  
Banque de l'Indochine et de Suez-Italia SpA Indosuez





# books

FOR THE BUSINESSMAN

## CORPORATE HISTORY The declining years of a car giant

BY RICHARD LAMBERT

**Going for Broke:**  
The Chrysler Story.  
by Michael Moritz and Barrett Seaman. Doubleday, New York, price \$17.95.

BIG CORPORATIONS take a long time to die. "This company took 25 years to become decadent—I mean rotten to the core," growled Chrysler's boss, Lee Iacocca in one of his darker moods—and if anything, he was understating the case. The authors of "Going for Broke: The Chrysler Story," suggest that the decline started almost as soon as Chrysler's factories switched back from making military paraphernalia to motor cars at the end of the Second World War. While Henry Ford II was turning the shambles which he inherited at Dearborn into one of the most efficient enterprises in North America, Walter Chrysler's successors were squandering the advantages which he had painstakingly accumulated during the 1920s and early 1930s.

At a time when mechanical innovations were taking second place to fancy styling in the market place, earlier triumphs allowed Chrysler's engineers to exercise their might over too many critical decisions. "Chrysler builds cars to sit in, not to pass over," insisted one executive at a time when the rest of the industry was switching to sleek, low slung lines. But the customers were not impressed. The company's labour relations were appalling, with management's ineptitude being aggravated by the fact that, unlike its competitors, Chrysler had failed to understand the advantages of widely scattered assembly plants. Cost controls were almost non-existent, and as the 1950s progressed the company's tra-

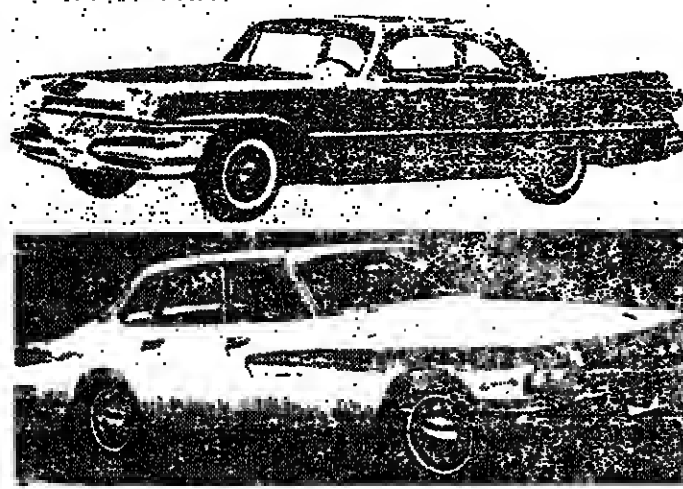
ditional pricing premium over competitive cars began to disappear. In 1953, Chrysler lost for ever its position as number two in the U.S. market, with its share slipping down to little more than 20 per cent.

In a belated response to change, the company tried to shake off the comfortable traditions of its pre-war management style. McKinsey, the management consultants, produced an in-depth report—six ft high—which led to a rage for decentralisation. The company seemed to be in a permanent state of reorganisation during the second half of the 1950s, a period which culminated in a series of messy and public rows.

"I don't feel I know any more about building automobiles or running a corporation than you do, Mr Chairman," was the sarcastic response of one of the corporation's tormentors on being nominated to the Board.

For a time, it looked as though Chrysler had found its saviour in the youthful Lynn Townsend, who took over the reins at the age of 42 in the early 1960s. Too late to alter the 1962 models, he tore into the 1963 programme—eliminating the low volume Lancer and replacing it with a compact Dart, sipping up plans for the new Plymouth less than a year before production was due to start and moving up the 1964 Dodge by a year.

For Townsend, volume was the beginning and end of the motor industry. He was determined to restore Chrysler's status as a full line manufacturer, and in the early days he could do no wrong. From a low point of 8.3 per cent in February, 1963, Chrysler's market share moved up by more than four points within the space of two years. But the apparent prosperity of the 1960s masked a number



Chrysler's Dart (top) and Lancer from the early 1960s when major model changes were taking place

of fundamental weaknesses. Abroad, the companies that were available to be bought turned out by and large to be the weaklings of their own market. At home, Chrysler's urge to follow fashion was bringing horrific production problems. In 1962, the company produced 93 different styles: five years later, it rolled out 160.

Most dangerous of all, perhaps, was its concentration on short term targets for earnings per share. These became the starting point from which all the other numbers, including turnover, were derived. Managers began to play increasingly difficult accounting games with the sales bank, which in lean periods for sales turned Detroit into a giant open air parking lot.

With its balance sheet already under growing strain in 1970, Chrysler was hopelessly ill-prepared to face a decade which brought a tidal wave of new competition from abroad, a transformation in energy costs, and a wildly expensive series of government regulations. Chrysler's thin layer of top managers was stretched to breaking point, and it seemed at times that only the sheer willpower of Lee Iacocca—who moved over from Ford in 1973—kept the company on the road. In its wider context, "The Chrysler Story" is more than a

corporate profile. The authors point to a "complex systemic inertia, spawned in part by complacency, in part by an addiction to the fast buck, in part by an adversarial relationship that governed the financing, the taxing, the regulation and the employment of American industry."

They argue that by scheduling its standards not according to technology but rather to political goals, the U.S. Government actually inhibited product development and slowed progress towards safer, cleaner cars.

But they do not go all the way with the free market economists. Instead they say that a bankruptcy reorganisation in 1979 could not have worked for Chrysler.

The Loan Guarantee Act provoked a widespread and rapid reorganisation within the company, which brought about everything that a bankruptcy judge would have taken years to organise—and at the same time enabled it to keep working on new models. It provided a badly needed breathing space, the argument goes, for displaced workers and their communities, for suppliers, dealers and banks. Whether that breathing space turns out to be long enough is another matter, for the Chrysler story has not yet reached a denouement.

## THE OIL INDUSTRY

### Getting to grips with the pricing system

**Pricing Petroleum Products: Strategies of Eleven Industrial Nations,** by Edward N. Krapels. Oilgram News, McGraw-Hill, New York, price \$7 in the U.S., \$37 outside the U.S.

**International Energy Futures: Petroleum Prices, Power and Payments,** by Nazi Choucri. MIT Press, Cambridge, Mass., price \$27.50

**OPEC: Twenty Years and Beyond,** edited by Raga El Mallakh. Croom Helm, London, price £14.95

**International Energy Options: An Agenda for the 1980s,** edited by Paul Tempest, Graham & Trotman, London, and Oelgeschlager, Gunn & Hain, Cambridge, Mass., price £9.50.

CONFIRMING the tenet that it is virtually impossible to forecast accurately events in the world energy markets, is the fact that the oil pricing system has gone haywire.

Anyone far-sighted enough to predict, say two years ago, what is happening to oil prices today, would have been ridiculed. After all, here we are with two of the leading oil exporters—Iran and Iraq—still fighting each other and with Western Europe

and North America just emerging from a notably harsh winter... and prices are plummeting. By mid-February it was possible to buy spot cargoes of North Sea oil for \$29 a barrel, over \$10 below the contract rate at the beginning of 1981 and roughly in line with the selling price two years ago.

In these circumstances, any work of reference which sheds light on pricing mechanisms is to be welcomed. Edward Krapels' "Pricing Petroleum Products" provides a useful examination of the three parts in the pricing system: product price regulations in industrial countries; prices of oil in the open or "spot" markets; and the distribution of oil from exporting to importing countries.

Coming from the same stable as the Platt's Oilgram pricing service to the oil industry, the book is packed with data and observations. It uses the 1979 disruption of oil exports from Iran to assess international market reactions, including the pricing policies of 11 industrialised countries.

The UK, like West Germany, is put firmly in the free market category. British refiners, it is claimed, found it possible to push up product prices quickly to recover some of the revenues previously curtailed by stiff competition. The other nine countries surveyed were put into the categories of politically controlled prices (Japan, France

and Italy, for example), formula controlled prices (the Netherlands and Belgium), and crude cost controls (the U.S. and Canada).

Edward Krapels, a petroleum policy consultant, says that the world oil system is not a market in the old-fashioned sense of the word. He calls for a new metaphor admitting, on the way, that he has been unable to find one. The market, in his eyes, remains complex and difficult to comprehend.

Nazi Choucri, Professor of Political Science at the Massachusetts Institute of Technology, approaches the pricing conundrum from an understandably more academic, less journalistic standpoint. This is particularly demonstrated in his analysis of a simulation model of the world petroleum market. But his International Energy Futures book also carries some plain messages.

Opec, he points out, now regards the spot market fever as an aberration that undermines its own strength in oil trade. Significantly he adds: "Whether Opec can now effectively set prices appears in doubt."

This is not a view shared by Opec. Indeed, it seems to be implicitly dismissed in the title of a new book on the Organisation: "OPEC: Twenty Years and Beyond." Nevertheless, the various authors who have contributed to the book, do not disguise the strains and tensions that will affect Opec's unity and deliberations. As the book's

editor, Raga El Mallakh, points out: "A better understanding of the requirements and priorities of the Opec nations will facilitate the structuring of mechanisms to balance the needs of both producers and consumers of petroleum."

The tensions and conflicts within the wider international energy market are reviewed, again in a series of papers, in a book edited by Paul Tempest, chairman of the British Institute of Energy Economics. The papers were selected from the 1980 conference of the International Association of Energy Economists and, as such a number of the contributions are looking somewhat dated.

That said, the papers have been chosen in an attempt to identify areas where conventional wisdom is changing and where breakthroughs are occurring in energy supply and efficiency.

Paul Tempest sees much of the world's future energy problems arising from a lack of investment confidence. Very low expectations of economic growth coupled with excess energy production capacity—the present dilemma—offered major deterrents to investment. "If, despite current gloom, confidence can be restored, it will be self-fulfilling. If not, national and commercial competition will waste effort in ever-declining supply," he writes.

RAY DAFTER

## THE LURE OF GOLD

### Amazing figures and conversation stoppers

**Gold,** by Brian Kettell, Graham and Trotman, London, price £3.50 (until March 31, then £9.95)

GOLD HAS always had a special fascination for mankind. Indeed, according to Brian Kettell, the author: "No other metal has so captivated the human mind, and no other natural substance has been the source of so much bloodshed and violence."

Kettell goes on to blame gold for the decline of the Roman Empire; the discovery of the United States; by Christopher Columbus; and the development

of metallurgy and chemistry.

That is as may be. But the fascination of gold in modern times was increased still further when the price hit a peak of \$350 a fine ounce at the beginning of 1980 before falling back dramatically to its present level of below \$400.

The sudden surge in the price of gold apparently inspired Kettell, senior lecturer in the department of economics and banking at the City of London Polytechnic and previously with Citibank, to write this layman's guide. Somewhat uncertain of his potential audience he evidently decided to cover

every conceivable aspect with the help of diligent research.

He has come up with a plethora of facts and figures to amaze readers and provide good conversation stoppers. Did you know that gold is so ductile that a thread drawn from one ton of gold would stretch from the earth to the moon and back? That gold is so dense in volume that the 100,000 tons mined since 4,000 BC could be contained in a cube measuring only 57 feet on each side?

The book, illustrated with some fine colour prints and plenty of graphs and tables, offers a wealth of detail rang-

ing from the trend in gold production since 1500 to 30 pages listing all the mined coins struck since the 12th century. Mining, the role of gold in the monetary system over the years, and investment in gold and mining shares are all covered exhaustively too, sometimes rather repetitively.

This non-expert approach has the great advantage of helping the book to be understood by the layman. But the drawback is that there is a certain lack of authority and too much reliance on sources of information.

JOHN EDWARDS

## THE BUILDING SOCIETIES

### A veil is lifted on the economic giants

**The Economics of Building Societies,** by T. J. Gough. Macmillan, London, price £20.

SUCH HAS been the pace of events in the building society world that a book written on the subject in early 1980 and published two years later can

look disappointingly out of date.

A similar exercise a few years ago would almost certainly have achieved a much longer shelf-life, but the real world has at long last caught up with the building society movement to the extent that it now insists upon being called an industry and what once went unchallenged and un-

changed now requires constant

updating and reappraisal.

Given the events of the last few months, the author's tentative suggestion that the societies' dominance of the mortgage market "may be under attack," together with his references to the falling market share of National Savings Instruments, now seem as outdated as differential mortgage rates.

A great deal of time is spent in debating the impact of widely fluctuating mortgage availability (at least partially blamed on the societies' own tardiness in reacting to market changes) on the housing market and housebuilding industry. But with societies currently providing 60 per cent or less of all new mortgage advances, their attitude is less decisive in dictating events and the prospect of alternating famines and feasts hopefully now looks more distant.

A reference to the Canadian housing market points out that mortgages are available virtually on demand and that intense competition between various institutions always makes it possible to obtain a loan from one mortgage institution or another. Equally as important, the book adds, Canadian interest rate structures are kept competitive with rival financial institutions at all times, so periods of chronic interest rate advantage or disadvantage—which dictate the available flow of mortgage funds—do not exist. It no longer requires a transatlantic trip to examine at first hand such a state of affairs.

But if the author (and the

societies) has been tripped up by time, his efforts contain a series of interesting analyses on areas of building society operations and will be welcomed by those who wish to lift the veil a little more on one of the most influential sectors of the economy.

He is critical of the societies' success in making any significant impact on improving inner city housing, kindly referring to the support lending scheme—designed to fill the mortgage gap left by penniless local authorities—as having "fallen far short of expectations."

In truth, the scheme has merely served to help housing ministers underline their concern for the plight of inner-city housing and has done very little to assist the cause of urban renewal or owner-occupation. In the past, the societies could find better customers for their money, but now they may have to look more conscientiously at this type of housing.

On the question of building society efficiency likely to become a much more central issue in the months and years ahead—the proliferation of an expensive branch network, together with inflation, singled out as a primary cause of rising expense ratios. The rationalisation of some branch networks—as in the case of the clearing banks—now begins to look like a distinct possibility.

The issue of membership democracy is only touched upon, although it is one which the societies will have to consider much more seriously.

MICHAEL CASSELL

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FOR THE BUSINESSMAN

## A penchant for pugnacious generalisations

BY MAX WILKINSON

### ECONOMICS

#### Apparently, almost any investment will do

BY RICHARD HENDERSON

**The Wasting of the British Economy** by Professor Sidney Pollard. Croom Helm, London, price £11.95.

THERE is a great deal of quiet pleasure to be taken in the sight of a fellow human being tearing his hair and stamping on his hat in impatient rage. It is also impossible not to enjoy a chapter that is headed: "The Facts—And Do They Matter?" There is, therefore, something to be said for this book.

Pollard, however little he might like the association, is a "supply-sider." His concern is with the slow, relative and absolute, post-Second World War growth of the British economy. His analysis is that growth has been poor because the capacity has not been there because the necessary investment has not been made, because government has been at best unconcerned with, and at worst actively hostile to, investment.

The corresponding prescription is brief and vague, perhaps because in his indignation the author thinks it all too obvious. Government must change, and promote investment, in ways never made explicit.

Almost any investment will do, apparently, as even Concorde and council housing are quoted with approval. Only services, and particularly the City, are quite beyond the pale (although education, Professor Pollard's own industry, scrapes through as particularly precious).

Pollard is enraged, as well as frustrated, by the inability of those in authority to see what is so clear to him. Rattlesnake-like, he sprays venom in the eyes of his attackers, reserving his most concentrated loathing for the Treasury and the "Economic Establishment."

No group or body is safe, whether it be the Bank of England (protecting the City against manufacturing), governments (each worse than the last), trade unions ("irresponsible", "destructive", and "ruthless"), the trade union mentality is now that of the highwayman), or economists. Although this approach adds

a certain verve and dash to the style of the book, extreme partisanship hinks its usual victims. Inconvenient facts are pushed well into the background and too much attention given to attacking the enemy leaves his own proposals awkwardly thin.

History is rewritten. To take two examples only: is a world in which one can ask "why... Chancellors of the Exchequer and spokesmen for the Opposition (are) so rarely heard discussing... increases... in investment... really that in which we live? Would the Chicago school agree that the present government... are simple, not to say simple-minded, and follow faithfully the advice given by the monetarist... by... Milton Friedman?"

The reader is spared the confusion which might follow from the discovery that trade cycles have existed in other places and at other times, or that investment (even in plant and machinery) rose steadily, both absolutely and as a proportion of output, until a decade or so ago.

Perhaps the most revealing item of information in the book is a small table comparing marginal capital-output ratios in four countries. It shows that to produce a given increase in output requires roughly half as much capital investment again in the UK as in France, Italy, or West Germany.

For Pollard this is a form of magic, "giving the fast-growing country a kind of bonus or, looked at from another angle, penalising the slower grower." Viewed through less fanatical eyes the same information might suggest a reason for lower investment ratios here than overseas, as well as pointing a possible direction for the search for obstacles to growth.

It would be easy to welcome an economic history of post-war Britain, written for a lay audience, which got away from the Tjebcher "there is no alternative" and TUC "massive demand-boost" schools of mindlessness. If this is not that book it is because it is too strident, too confident of being the receptacle of received truth, and ultimately too careless of the facts.

**The Irrelevance of Conventional Economics**, by Thomas Balogh, Weldenford and Nicolson, price £16.50.

LORD BALOGH does not suffer gladly those he considers to be fools. As a result, his grand survey of the follies and nonsense in economic theory is pleasantly acidic throughout and sometimes enjoyably venomous.

The broad sweep of his attack is proclaimed by the title of his latest book. It also betrays, perhaps, his penchant for pugnacious generalisations, sometimes made at the expense of the more humdrum task of isolating those elements which are wise and good in his opponents' theories.

The theme of the book is that economics has often tried to rise above its proper station, by excessive pretensions to scientific accuracy; by confusion between the humble limitations of its own models and the complexities of the real world; and by too great a desire to make prescriptions on matters which should remain essentially political.

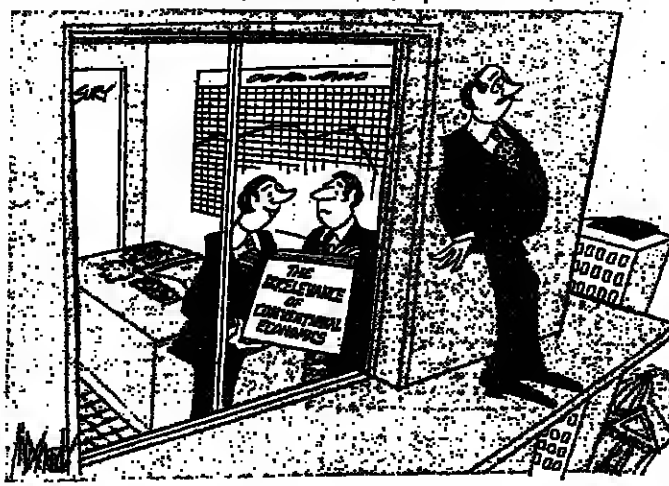
The real world, he observes, is swayed by the larger forces

of governments, trade unions, multinational companies and other vested interests whose interactions economic theory cannot predict with precision—if at all. Moreover, economic concepts like consumers' demand are subject to such complex and overlapping influences that even within economic theory itself, predictions cannot be made with great certainty—and the refinements of the mathematical and statistical approach often merely obscure the slakiness of its axioms.

Lord Balogh believes, therefore, that excessive regard for the apparatus of economic theory can be not just misleading, but positively dangerous.

Monetarism, he thinks, will founder under the weight of its own contradictions; on the other hand the conventional Keynesian approach is over-optimistic about the prospects for a prices and incomes policy. This could not be achieved without a major increase of Government intervention to secure a more just distribution of incomes and faster growth.

It is not necessary to agree with his conclusions to appreciate the verve and academic confidence with which he dismisses



"I thought he might like to know where he went wrong before he jumps"

some of the sillier pretensions which his views have been — as he says—attacked and disparaged. Lord Balogh is pleased to find signs that there are "penitents" in the profession who are coming round to his ideas.

However, Lord Balogh's own style is far from humble. Its

pugnacity borders sometimes on petulance, which seems to invite disagreement and therefore makes his arguments sound less persuasive than they might have been.

Take, for example the comment on a "penitent" statement by the economist, Professor Alan of Cambridge University. In a section entitled "humility and self-criticism" Lord Balogh says: "It seems a late and lighthearted repentance, from someone who has spent his life propagating absurdities" — an accusation which is either unfair or unkind.

That sort of Senior Common Room jibe raises several uneasy feelings, as do many of his more sweeping assertions. He says, for instance, "It is clear that none of the assumptions in which Friedman made to reach his extraordinary conclusions bears any relation to reality" (my italics).

Considering that Friedman is widely respected even by his opponents, such an uncompromising assertion about a complex matter tends only to mar his case.

The other major doubt about this book is that having demolished the edifice of conventional economics, its treatment of what should be raised in its place is much too cursory. For example, the solution of the "very centre of present day problems, the problem of inflation," gets only 77 pages out of a total of 212.

There is little recognition that market forces, however corrupted, remain a dominant influence and he hardly discusses the complex and unpredictable reactions between them and state control. Neither does he explore the gloomy proposition that however had our present system, the alternative might be worse.

It would be misguided to criticise this book for failing to provide what it denounces in others: an elegant and complete intellectual solution. Nevertheless, Lord Balogh cannot resist half opening the curtain on a better way. It has to be said that his polemical debunking of conventional economics is not a sufficient argument for opening the window and jumping out.

### ACCOUNTANCY

#### A matter for accountants and actuaries

**Accounting for Pensions**, by Michael Young and Nigel Buchanan. Woodhead-Faulkner, Cambridge, price £12.50.

AT THE end of this comprehensive survey of the largely uncharted territory of the pension funds Michael Young, a pension fund administrator, and Nigel Buchanan, an accountant, confess that "we are a little disturbed at what we see." Huge sums amounting to over £60bn have been piled up to support pension schemes, and in many cases the individual funds have a greater market value than the companies which sustain them. As for employees, they make a very large investment in an asset which in times of redundancy and inflation can be of very uncertain real worth. So far, at least, says the authors, "there has been almost

a total lack of measurement to discover what the economic effect of this growing phenomenon has been."

There are many aspects to pension fund accounting; and indeed, the authors do not confine themselves to the accountants' normal realm, but also give a detailed description of the role of the actuaries. Tensions between these two professions are inevitable, but can be minimised, it is suggested, on the basis that the accountants should deal with questions of historical fact whereas the actuaries should deal with the future.

It is not, of course, quite as easy as that, and at the very least the accountants are likely to begin to insist on restituting the kind of valuation which the actuaries make. That much is clear from the Napier Report just published by the UK

Accounting Standards Committee — a report, incidentally, which seems to be much in line with the thinking of Young and Buchanan.

Bill the Napier Report deals with only one aspect of the subject—the question of accounting by companies for pension costs. There is also the connected but separate question of how pension schemes should report to their members—bearing in mind that it is still rather unusual for beneficiaries to receive even a simplified annual report.

In fact it could be said there is a third aspect—the reporting to individual scheme members of the precise benefits to which each is entitled. It is an amazing fact that although many of the 13m-odd contributing members of pension schemes have very substantial investments standing against their names—second only in value, probably, to the worth of their houses—they are usually given no routine statement of the benefits which are secured.

The authors judge that the practicable and effective approach to reporting by the trustees is that they should issue a conventional annual statement for expert readers, together with a simplified version (perhaps only an audio-visual presentation) for general consumption. This is a warning of the danger of memorising scheme members with bar charts and pie diagrams, and a suggestion that the full report should be available on request.

As for personal financial information, there are inevitably problems when in final salary schemes the benefits are not linked directly to contributions. However, there are such matters as death benefits or benefits for early leavers, and Young and Buchanan argue that in a computerised age there is no reason why adequate pension statements should not be provided.

As for shareholders' accounts, whereby companies report the cost of pensions, this is very much virgin territory. At present few public companies give any significant details of pension costs in their annual reports. Companies and their actuaries by the way, which are relating the right to be flexible over the charges made each year and the assumptions underlying the valuation of the scheme. But the auditors are nowadays preoccupied with standardisation.

Here, Young and Buchanan are ready—to the whole, perhaps too ready—to accept a limited objective. They argue that it is reasonable to try to make pension costs intercomparable from year to year. They argue for the use of a projected benefits method of actuarial valuation, which is broadly consistent with the accruals concept of accounting. But they suggest that inter-company comparability is "unattainable and, as a matter of business policy, might be undesirable."

BARRY RILEY

### BOOKS OF THE MONTH

Announcements below are pre-paid advertisements. If you require entry in the forthcoming panels application should be made to The Advertisement Department, Bracken House, 10 Cannon Street, EC4A 4EY Telephone: 01-248 9000, Ext 4064

**Fighting To Win Business Political Power** Edward A. Grefe

Setting forth a workable strategy for business to obtain and use political power. Fighting to win explains how an individual company or corporation can defend itself against crippling legislation. Harcourt Brace Jovanovich Ltd. £20.00

**Financial Times Mining International Year Book 1982**

This expertly compiled and detailed year book carries edited company information on over 700 companies involved in the mining, production and distribution of minerals and ores throughout the world. Longman Group Ltd. £24.00

**Financial Times Oil and Gas International Year Book 1982**

Corporate/financial profiles of nearly 1,000 companies involved in the exploration, drilling, storage, refining and transportation of crude oil and natural gas. Longman Group Ltd. £29.00

**Financial Times Who's Who in World Oil and Gas 1981/82**

3,600 biographies on the senior personnel executives, government ministers, independent consultants, engineers and academics—who make or influence policies in these two vital industries around the world. Longman Group Ltd. £29.00

**British Accounting Standards: The First Ten Years**

edited by Sir Ronald Leach and Professor Edward Stamp

"There can be few better quick guides to the multi-dimensional commercial and political pressures being suffered by the British accounting profession than this volume of 17 independent views on the first decade of British accounting standards." Financial Times. Woodhead-Faulkner (Publishers) Ltd. £12.50

**Asia and Pacific 1982**

Moulding Editor Euter Corim

A continually updated and readable guide to the region's economic life—trade, business and development with in-depth analyses of every one of the region's more than 30 countries. World of Information £15.00

**How to be Interviewed** D. Mackenzie Davey and P. McDonnell

This popular concise guide provides practical advice on how to present yourself effectively once you have managed to obtain an interview. British Institute of Management £3.00 (BIM members £2.40)

**Guidelines for the Redundant Manager** M. Tidswell

Latest revised edition of this practical and comprehensive guide will help you to understand your legal rights, financial benefits, etc. and point to ways of seeking alternative employment. British Institute of Management £8.00 (BIM members £4.50)

**Effective Presentation** A. Jay

Ninth reprint of this popular book which the "Economist" described as "a bright and useful guide for businessmen on how to express themselves in company." British Institute of Management £4.50 (BIM members £3.60)

**An Alternative to Private Property. Collective Property in the Juridical Consciousness of the 19th Century**

Poolo Grossi

Traces European concepts of ownership and property, employing a dialectic of themes of individual and nature, law and right, discourse and culture. Also examines practical consequences of collective ownership in Italy. Translator Lidia G. Cochrane. Dec. 81. Chicago UP £23.80

**Risk and Capital Adequacy in Commercial Banks**

Sherman J. Moisel, ed

This application of econometric methods constitutes a significant advance from the earlier, purely descriptive way of writing about banking and from the hanks' rule-of-thumb methods of operation. NBER, Dec. 81. £29.40

**Studies in Labor Markets**

Shrcvzin Rosen, ed

13 papers deal with: labour mobility, job turnover, and life-cycle dynamics; the analysis of unemployment compensation and employment policy; labour market discrimination; labour market information and investment. NBER, Jan. 82. Chicago UP £23.80

**Cambridge Economic Handbooks published January 1982**

**Money in Equilibrium** Douglas Gale; Lecturer in Economics, London School of Economics and Political Science

The author investigates the central ideas in the development of contemporary monetary theory. Size: 216 x 138mm x 390 pp. 0 5202 0317 Hard cover £19.50 net 0 7202 0316 3 Paperback £8.95 net

**Saudi Arabia: Keys to Business Success** Kevin R. Corcoran (Editor)

A guide to the principles of good business practice in Saudi Arabia. Written by experts with practical experience in finance, marketing, personnel, the law, and construction. Illustrated with examples. 07 084567 0 225 pps 1982 £15.00

**Modeling and Measuring Natural Resource Substitution**

Ernst R. Berndt and Barry C. Field, eds

These essays, from 20 contributors, reveal that economists are rising to the challenge of natural resource substitution, both in terms of anticipating the issues and developing appropriate methodologies for coping with them. Published Feb. 82. The MIT Press £24.80

**What Price Unemployment?** Robert Miller and John E. Wood

Institute of Economic Affairs £2.20 incl. p&p

**Tolley's Tax Planning 1981/82**

Edited by A. L. Chopin and L.L.B. FTI

The latest edition of this widely acclaimed guide on tax planning has been completely revised and updated and takes into account the Finance Act 1981 and case law to 1 October 1981. Available now. Tolley Publishing Co. Ltd. and The Tax Lawyer Publishing Co. £17.50

**Financial Times World Hotel Directory 1981/82**

Full details of rates and services for 3,400 hotels in 147 countries—all selected with the special needs of the business traveller in mind. Longman Group Ltd. £19.50

**Tolley's Companies Act 1981**

by George Eccles and Jenny Cox

This book contains over 350 pages of practical guidance, comments and advice on the Companies Act 1981, which is reproduced in full. There is a checklist, a table of statutes, a detailed index and appendices. Imprint publication. Tolley Publishing Co. Ltd. £7.95

**Tolley's Social Security and State Benefits**

by Jim Matthewman and Nigel Lambert

A guide to the wide variety of benefits and assistance available in Great Britain as at July 1981, with rates in November 1982. Printed in two colours with over 400 pages. Tolley Publishing Co. Ltd. £7.95

**Gross's Value Added Tax Cases**

by Victor Grant CBE LLB

This book is a comprehensive digest of over 1,100 VAT tribunal cases reported up to 30 June 1981 and over 60 cases reported up to 30 September 1981. Available March. Tolley Publishing Co. Ltd. £10.75

**Tolley's Tax Cards 1981/82**

compiled by G. V. Hart FTI

A set of quick reference diagrams and flowcharts printed on cards which simplify a number of complex but commonly encountered areas of taxation, including the provisions of the Finance Act 1981. Available now. Tolley Publishing Co. Ltd. £7.95

**Tolley's Reporting Under CCA**

by Peat Marwick Mitchell and Co

This book reports on the authors' experience of 107 companies publishing their current cost accounts for the first time and on the practice that is developing with analysis comparison and tabulation of current practices. Available now. Tolley Publishing Co. Ltd. £18.00

**The Disorder in World Money: From Bretton Woods to SDRs**

Paul Borcu Institute of Economic Affairs £12.00 incl. p&p

### Book Briefs—

#### Marketing

**Strategic Marketing Management**, by Gordon R. Foxall, Croom Helm, London, price £12.50 and £8.95 (paperback). This is aimed at the student of marketing and approaches the subject on the premise that success lies in the correct mix of pricing, production, promotion and distribution.

**Marketing Decision**, by Peter Tinniswood, Longman London, price £3.95. Also for students. Sees marketing as the "interface between the consumer and the firm" and includes case studies as well as theory.

**The Many Arts of Sales Management**, by Michael Beer, McGraw Hill, Maidenhead, price £9.95. Includes a charty style, the author concentrates on the motivation of people and the various characteristics of the good manager.

**Industrial Marketing Strategy**, by Frederick E. Webster Jr., John Wiley and Sons, Chichester, price £14.75. A broad ranging text that relates marketing strategy to overall corporate strategy.

**The EEC**

**The European Community—The practical guide for business and government**, by Brian Morris, Peggy Crane and Klaus Boehm, Mscmillan, London, price £18.95. Claims to be the first book to explain European Community law and bureaucracy in "practical everyday terms."

**Eurodec Euroinformation Ltd**, Ickwell, Beds, price £24 a year. The first of what will be monthly reviews of all new Community proposals.

**Investment**

**Financial Modelling in Corporate Management**, edited by J. W. Bryant, John Wiley, Chichester, price £13.90. This approaches the subject by providing illustrations of what are perceived as typical financial modelling studies.

**Readings in Strategy for Corporate Investment**, by Frans G. J. Derkinderen and Roy L. Crum, Pitman, price £8.50. Sets

out to emphasize the importance of planning how a company's resources should be allocated.

**Capital Investment and Financial Decisions (Second Edition)**, by Haim Levy and Marshall Sarnat, Prentice-Hall International, Hemel Hempstead, price £10.95 and £15.95 (cloth cover). This also emphasizes the need to allocate capital resources and is designed essentially as a students' textbook.

**Strategy**

**Cases in Strategic Management**, by John M. Stopford, Derek F. Channon and John Constable. John Wiley, Chichester, price £28.00 and £10.95 (paperback). Using case studies, this is aimed at the company which has or is planning to have European and other international operations.

**How to do a Company Plan—and put it into action**, by W. C. Shaw, Business Books, London, price £15. A clearly laid out and illustrated text which provides a checklist of all the elements of planning.

**The EEC**

**The European Community—The practical guide for business and government**, by Brian Morris, Peggy Crane and Klaus Boehm, Mscmillan, London, price £18.95. Claims to be the first book to explain European Community law and bureaucracy in "practical everyday terms."

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### Unravelling the Companies Act 1981?

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The 1981-82 edition of European Electronics Supplier's Guide is the result of two years' research on electronics manufacturing in Europe and describes the companies and their products. The book encompasses all aspects of the industry, from raw materials and production machinery to components, computers and all principal applications of electronics, such as telecommunications, medicine, banking. The 1,200 products are grouped into 28 chapters and listed in English, German and French, each language having its own index.

The directory section describes about 4,000 firms in 26 countries in considerable detail, such as names of managers, size, financial lists with other companies, range of products, addresses of factories, research labs. A special section lists American and Japanese interests in Europe. The book has 280 A4 pages (no. publication) and costs £30.00 plus postage — UK: £12.25 rest of Europe: £20.00. Send Sterling cheque or official order: C. E. Woodhead & Co. Ltd., 14 King's Road, Chingford, Essex, SS04 6EF. Tel: (01) 340 6224, ext: 8594666; gln: atm: wdgwood. Full details sent on request.

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WORLD STOCK MARKETS

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including columns for stock name, price, and change.

STOCK

Table of stock prices for various companies, including columns for stock name, price, and change.

Early Wall St rally falters

AN INITIAL rally fuelled by bargain hunting on Wall Street yesterday morning later faded, with the market showing a slightly easier bias on balance at mid-session.

Canada

Markets stayed in easier mood in moderate early dealings. The Toronto Composite Index shed 2.7 to 1,655.9 at noon, while oil and Golds slipped 14.6 to 2,766.7 and 11.2 to 2,403.7.

Australia

Mining issues MIM Holdings of an A\$125.6m rights offer was met by a wave of selling, leaving the share price 25 cents down at A\$2.70.

Paris

Bourse prices ended on a mixed note after generally quiet trading. However, dealers noted that the start of trading was delayed for 15 minutes because of heavy rain.

Hong Kong

The market took a turn for the better after the previous day's decline. Budget for the Colony being announced later that day, and also the late starter performance by Wall Street overnight.

Germany

Share prices turned mixed after a firm start as follow-through orders failed to materialise.

Japan

Trading on the stock market turned hesitant at the close following news that 23 National Party MPs voted against Prime Minister P. W. Botha's policies at a caucus meeting.

The Dow Jones Industrial average had recovered 4.75 by 10.30 am, but later declined to stand at 812.85 at 1 pm, a marginal 0.10 below the overnight level.

Tokyo

The market remained easier. Closing prices for North America were not available for this edition.

Canada

The oil and gas group put another weak performance, still depressed by the world oil over-supply situation and falling oil prices.

Tokyo

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Indices

Table of stock indices for New York, including Dow Jones, Standard and Poors, and other regional indices.

NEW YORK ACTIVE STOCKS

Table of active stock transactions in New York, including volume and price changes.

CANADA

Table of stock prices for various companies in Canada.

BEELGIUM (continued)

Table of stock prices for various companies in Belgium.

HOLLAND

Table of stock prices for various companies in Holland.

AUSTRALIA

Table of stock prices for various companies in Australia.

FRANCE

Table of stock prices for various companies in France.

GERMANY

Table of stock prices for various companies in Germany.

ITALY

Table of stock prices for various companies in Italy.

NORWAY

Table of stock prices for various companies in Norway.



COMMODITIES AND AGRICULTURE

Indian sugar output up

NEW DELHI—India's sugar production up to January 31 rose to 3.22m tonnes from 2.61m in the same period last season...

Tin squeeze fears ease

BY OUR COMMODITIES STAFF

THE PERIOD of maximum supply squeeze risk on the London tin market passed without undue incident yesterday...

could be considered "fairly orderly". LME chairman Mr Michael Brown commented. The buying group has recently allowed the cash tin price to subside from historically high levels...

ing and consuming countries for the activation of the sixth Tin Pact, final ratification of which expires on April 30.

Rubber inquest planned

THE INTERNATIONAL Natural Rubber Organisation (Inro) secretariat is calling for a meeting of 22 Latin American and Caribbean countries...

From shortage to plenty

BY A SPECIAL CORRESPONDENT

SULPHUR HAS long been recognised as the workhorse of the chemical industry and as such an important barometer of the prevailing economic climate.

Just when everyone thought the situation was improving, the Iranian strike encompassed Iraq and its export-oriented sulphur industry.

once again political events played a role, though not to the extent of earlier years, in the form of further disruption of Polish material...

Salmon conservation group approved

WASHINGTON—The establishment of a salmon conservation organisation, and limits on salmon fishing in the North Atlantic, have been approved at an international meeting in Reykjavik...

U.S. market watchdog criticised

BY NANCY DUNNE IN WASHINGTON

THE U.S. Commodities Trading Commission (CTC) is fighting for reauthorisation while under attack both in the Press and in Capitol Hill for failing to curb swindlers...

GAS OIL FUTURES

The market opened weaker and eased in line with the physical market and further weakness came from the oil futures market...

Slight drop in milk output

MILK OUTPUT from British farms fell only 0.6 per cent in January in spite of the severe weather conditions.

SOYABEAN MEAL

The market opened 80p higher on light trade buying, reports of a steady decline in inventories and a rise in feed demand.

Greenland fishing rights plea

BY RICHARD MOONEY

THE LIKELY departure of Greenland from the EEC could represent the British Government's last opportunity to offer assistance to its distant water fishing fleet...

PRICE CHANGES

Table with columns for commodity, price, and change. Includes items like Tin, Nickel, Silver, and Wheat.

AMERICAN MARKETS

Table showing market data for various commodities in the US, including Tin, Nickel, Silver, and Wheat.

BRITISH COMMODITY MARKETS

BASE METALS

Table of base metal prices including Tin, Nickel, Silver, and Zinc.

COPPER OFFICIAL

Table of copper prices.

LEAD OFFICIAL

Table of lead prices.

SILVER

Silver was fixed 8 1/2 pence higher for spot delivery in the London Bullion Market Association...

GRAINS

Old cross wheat opened slightly higher, new cross opened unchanged.

WHEAT

Wheat was 10 1/2 pence higher for spot delivery in the London Bullion Market Association...

BARLEY

Barley was 10 1/2 pence higher for spot delivery in the London Bullion Market Association...

COCOA

Futures remained steady as trade and commission houses short-covered in this condition.

COFFEE

Following a steady opening trade buying lifted values, reports of a poor performance in New York...

POTATOES

LONDON POTATO FUTURES—Agriculture was very strongly bought on bullish sentiment from the PMS report.

RUBBER

The London physical market opened with unchanged attracted little interest throughout the day.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Smithfield killed 50.0 to 59.0.

WOOL FUTURES

LONDON NEW ZEALAND CROSS—The market opened with a bid for the first time since the start of the year.

Krugerrands Sovereigns advertisement with contact information for Venus Coins Limited.

COFFEE: A new bull market—or a storm in a teacup? Advertisement for coffee futures.

Table of market data for various commodities including Tin, Nickel, Silver, and Wheat.

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AMERICAN MARKETS

PRECIOUS METALS—Copper was 10 1/2 pence higher for spot delivery in the London Bullion Market Association...

EUROPEAN MARKETS

Wheat—(U.S. \$ per bushel) 11.50 to 11.75.

INDICES

FINANCIAL TIMES—1000.00, 1000.00, 1000.00.

MOODY'S

1000.00, 1000.00, 1000.00.

REUTERS

1000.00, 1000.00, 1000.00.

DOW JONES

1000.00, 1000.00, 1000.00.

LEADERSHIP

1000.00, 1000.00, 1000.00.

MARKET PROFILE: SULPHUR

BY A SPECIAL CORRESPONDENT

PRICE CHANGES

Table with columns for commodity, price, and change.

AMERICAN MARKETS

Table with columns for commodity, price, and change.

EUROPEAN MARKETS

Table with columns for commodity, price, and change.

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Table with columns for index, value, and change.

MOODY'S

Table with columns for index, value, and change.

REUTERS

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Table with columns for index, value, and change.

LEADERSHIP

Table with columns for index, value, and change.



LONDON STOCK EXCHANGE

Sizeable morning selling of selected equity leaders unsettles markets and index falls 6.4 more to 552.6

Account Dealing Dates
Option
\*First Declared Last Account Dealings

The Prime Minister's warning against high expectations for tax cuts in the coming Budget initiated further uncertainty in London equity markets yesterday.

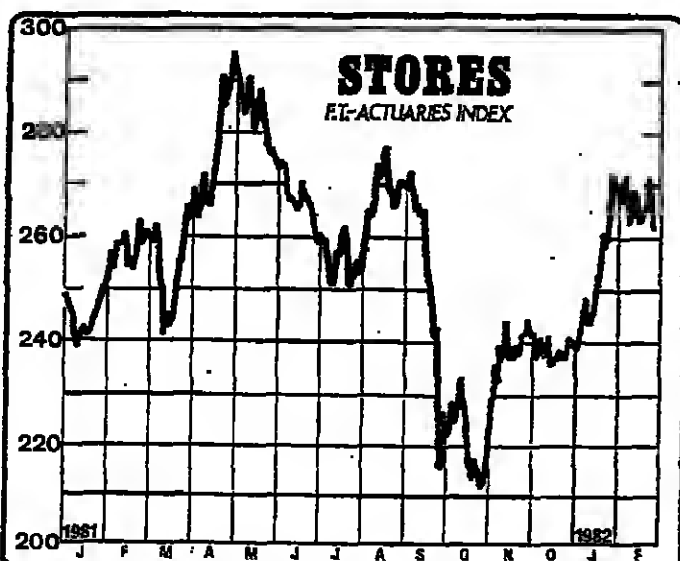
an American firm had disposed of its equity holdings.

Investors also remained cautious ahead of today's preliminary statement from ICL. The start of dealings in America this morning will release part of the large amount of cash put up for the issue.

Short-term investors continued to lead profits in gilt-edged. The UK clearing bank base rate cuts were something of an anti-climax and failed to stem the tide which took longer-dated stocks down by 4 more.

Recent events in Zimbabwe failed to daunt buyers of the country's Settlement Annuities and the price rose 9 points to 537.2.

Banks lower
The earlier-than-expected 1 per cent reduction in base lending



ing rates to 13 1/2 per cent failed to stimulate much interest in the major clearing banks which drifted lower with the general trend. However, closing levels were well above the day's lowest with Barclays finishing 6 cheaper at 488p, after 482p.

couple of pence cheaper at 322p, after 320p. Sporadic offerings left Weir Group 2 1/2 lower at 56p, but Christy Bros. became a better market at 24p, up 2.

Hoover dip & rally
Quietly dull conditions prevailed in the miscellaneous leaders. Closing falls ranged to 5 with Unilever that much lower at 633p.

be followed by a one-for-one rights issue. Inchcape came on offer in Overseas Traders, falling 13 to 310p, after 308p. Lennie followed a penny to 74p following the annual report.

Trusts followed the easier trend in the equity sectors while, in Financials, R. P. Martin turned reactionary at 390p, down 20, along with Execo International, which eased 5 to 215p.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Secs, Fixed Interest, Industrial Ord., etc. with columns for Feb 24, Feb 23, Feb 22, Feb 21, Feb 20, Feb 19, Feb 18, Feb 17, and a year ago column.

Table titled 'HIGHS AND LOWS' showing high and low values for various stock categories like Govt. Secs, Fixed Int., Ind. Ord., etc. for Feb 23 and Feb 24.

Table titled 'S.E. ACTIVITY' showing activity for various categories like Govt. Secs, Fixed Int., Ind. Ord., etc. with columns for Feb 23 and Feb 24.

Stores retreat.
Budget worries unsettled the Store majors. Gussies "A" closed 8 down at 470p, while Boots gave up 5 at 210p and British Home cheapened 4 to 138p.

Oil's down again
Still reflecting the downward pressures on spot crude prices, OIL shares remained depressed. British Petroleum settled with a fall of 4 at 278p, after 274p, while Shell finished similarly

Gold's improve
Gold's were more actively traded than of late, and closed firmer than expected. The main factors were the strength of the Financial Rand, good news on interest rates, and some South African buying in a fairly tight market.

Options
Finance, KCA International, Woodside, Huntley and Palmer, Sangers, European Ferries, ICI and North Kaiguri. Puts were arranged in Lasmo, Montague L. Meyer, Midland Bank, South African Breweries, Macarthur Pharmaceuticals, East Rand Coos, and Venterspost. Doubles were taken out in Premier Oil, Premier Oil, Woolworths, Zettlers, Nimslo, First National First National Finance.

RECENT ISSUES

Table titled 'EQUITIES' listing recent issues with columns for Issue Price, Amount, Date, and Stock details.

Table titled 'FIXED INTEREST STOCKS' listing fixed interest securities with columns for Issue Price, Amount, Date, and Stock details.

Table titled '"RIGHTS" OFFERS' listing rights issues with columns for Issue Price, Amount, Date, and Stock details.

Table titled 'ACTIVE STOCKS' showing active trading in various stocks with columns for Stock, Closing Price, Day's Change, and Volume.

Table titled 'TUESDAY'S ACTIVE STOCKS' showing active trading on Tuesday with columns for Stock, Closing Price, Day's Change, and Volume.

Table titled 'OPTIONS' showing option activity with columns for Stock, Last Deal, Last Declared, Last Settlement, and Last Trade.

Lloyds Bank Interest Rates advertisement. Includes the Lloyds Bank logo and text: 'Lloyds Bank Plc has reduced its Base Rate from 14% to 13.5% p.a. with effect from the close of business on Thursday, 25th February 1982.'

TSB BASE RATE advertisement. Includes the TSB logo and text: 'With effect from the close of business on Thursday 25th February 1982 and until further notice TSB Base Rate will be 13 1/2 per annum.'

EUROBONDS advertisement. Text: 'The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published on the following dates: 1982 Tuesday 23rd March, Thursday 15th April, Wednesday 12th May, Wednesday 16th June, Tuesday 13th July, Monday 16th August, Tuesday 14th September, Wednesday 13th October, Thursday 11th November, Tuesday 14th December.'

RISES AND FALLS YESTERDAY advertisement. Table showing rises and falls in various sectors like British Funds, Corporate, Industrial, etc. with columns for Rise, Fall, and Size.

FT-ACTUARIES SHARE INDICES advertisement. Text: 'These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.' Includes tables for EQUITY GROUPS & SUB-SECTIONS and FIXED INTEREST.



UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs. (a), American Bond, and others, with columns for name, manager, and other details.

Table listing various unit trusts such as Abbot Fund Managers (a), Abbey Unit Trst. Mgrs. (a), and others, with columns for name, manager, and other details.

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FT UNIT TRUST INFORMATION SERVICE

INSURANCE PROPERTY BONDS

Table listing insurance and property bonds such as Abbey Life Assurance Co. Ltd., Abbot Fund Managers (a), and others.

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NOTES: Prices are in pence unless otherwise indicated. Yields (shown in italics) allow for all buying expenses...

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# FT SHARE INFORMATION SERVICE

## FOOD, GROCERIES—Cont.

Stock	Price	% Chg	High	Low	Open	Close	Div	Yield
290 145	Low (Wm.) 20p							
290 146	Meat (Wm.) 20p							
290 147	Morris (Wm.) 20p							
290 148	Northern Foods							
290 149	Parsons (Wm.) 20p							
290 150	Parsons (Wm.) 20p							
290 151	Parsons (Wm.) 20p							
290 152	Parsons (Wm.) 20p							
290 153	Parsons (Wm.) 20p							
290 154	Parsons (Wm.) 20p							
290 155	Parsons (Wm.) 20p							
290 156	Parsons (Wm.) 20p							
290 157	Parsons (Wm.) 20p							
290 158	Parsons (Wm.) 20p							
290 159	Parsons (Wm.) 20p							
290 160	Parsons (Wm.) 20p							
290 161	Parsons (Wm.) 20p							
290 162	Parsons (Wm.) 20p							
290 163	Parsons (Wm.) 20p							
290 164	Parsons (Wm.) 20p							
290 165	Parsons (Wm.) 20p							
290 166	Parsons (Wm.) 20p							
290 167	Parsons (Wm.) 20p							
290 168	Parsons (Wm.) 20p							
290 169	Parsons (Wm.) 20p							
290 170	Parsons (Wm.) 20p							
290 171	Parsons (Wm.) 20p							
290 172	Parsons (Wm.) 20p							
290 173	Parsons (Wm.) 20p							
290 174	Parsons (Wm.) 20p							
290 175	Parsons (Wm.) 20p							
290 176	Parsons (Wm.) 20p							
290 177	Parsons (Wm.) 20p							
290 178	Parsons (Wm.) 20p							
290 179	Parsons (Wm.) 20p							
290 180	Parsons (Wm.) 20p							
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290 187	Parsons (Wm.) 20p							
290 188	Parsons (Wm.) 20p							
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290 190	Parsons (Wm.) 20p							
290 191	Parsons (Wm.) 20p							
290 192	Parsons (Wm.) 20p							
290 193	Parsons (Wm.) 20p							
290 194	Parsons (Wm.) 20p							
290 195	Parsons (Wm.) 20p							
290 196	Parsons (Wm.) 20p							
290 197	Parsons (Wm.) 20p							
290 198	Parsons (Wm.) 20p							
290 199	Parsons (Wm.) 20p							
290 200	Parsons (Wm.) 20p							

## HOTELS AND CATERERS

Stock	Price	% Chg	High	Low	Open	Close	Div	Yield
290 201	Brent Walker 5p							
290 202	Compton 10p							
290 203	Grand Hotel 5p							
290 204	Grand Hotel 5p							
290 205	Grand Hotel 5p							
290 206	Grand Hotel 5p							
290 207	Grand Hotel 5p							
290 208	Grand Hotel 5p							
290 209	Grand Hotel 5p							
290 210	Grand Hotel 5p							
290 211	Grand Hotel 5p							
290 212	Grand Hotel 5p							
290 213	Grand Hotel 5p							
290 214	Grand Hotel 5p							
290 215	Grand Hotel 5p							
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290 231	Grand Hotel 5p							
290 232	Grand Hotel 5p							
290 233	Grand Hotel 5p							
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290 236	Grand Hotel 5p							
290 237	Grand Hotel 5p							
290 238	Grand Hotel 5p							
290 239	Grand Hotel 5p							
290 240	Grand Hotel 5p							

## INDUSTRIALS (Misc.)

Stock	Price	% Chg	High	Low	Open	Close	Div	Yield
290 241	AAA Ind.							
290 242	AAA Ind.							
290 243	AAA Ind.							
290 244	AAA Ind.							
290 245	AAA Ind.							
290 246	AAA Ind.							
290 247	AAA Ind.							
290 248	AAA Ind.							
290 249	AAA Ind.							
290 250	AAA Ind.							
290 251	AAA Ind.							
290 252	AAA Ind.							
290 253	AAA Ind.							
290 254	AAA Ind.							
290 255	AAA Ind.							
290 256	AAA Ind.							
290 257	AAA Ind.							
290 258	AAA Ind.							
290 259	AAA Ind.							
290 260	AAA Ind.							
290 261	AAA Ind.							
290 262	AAA Ind.							
290 263	AAA Ind.							
290 264	AAA Ind.							
290 265	AAA Ind.							
290 266	AAA Ind.							
290 267	AAA Ind.							
290 268	AAA Ind.							
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290 271	AAA Ind.							
290 272	AAA Ind.							
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290 279	AAA Ind.							
290 280	AAA Ind.							
290 281	AAA Ind.							
290 282	AAA Ind.							
290 283	AAA Ind.							
290 284	AAA Ind.							
290 285	AAA Ind.							
290 286	AAA Ind.							
290 287	AAA Ind.							
290 288	AAA Ind.							
290 289	AAA Ind.							
290 290	AAA Ind.							

## ENGINEERING MACHINE TOOLS

Stock	Price	% Chg	High	Low	Open	Close	Div	Yield
290 291	AI Ind. Prod.							
290 292	AI Ind. Prod.							
290 293	AI Ind. Prod.							
290 294	AI Ind. Prod.							
290 295	AI Ind. Prod.							
290 296	AI Ind. Prod.							
290 297	AI Ind. Prod.							
290 298	AI Ind. Prod.							
290 299	AI Ind. Prod.							
290 300	AI Ind. Prod.							
290 301	AI Ind. Prod.							
290 302	AI Ind. Prod.							
290 303	AI Ind. Prod.							
290 304	AI Ind. Prod.							
290 305	AI Ind. Prod.							
290 306	AI Ind. Prod.							
290 307	AI Ind. Prod.							
290 308	AI Ind. Prod.							
290 309	AI Ind. Prod.							
290 310	AI Ind. Prod.							
290 311	AI Ind. Prod.							
290 312	AI Ind. Prod.							
290 313	AI Ind. Prod.							
290 314	AI Ind. Prod.							
290 315	AI Ind. Prod.							
290 316	AI Ind. Prod.							
290 317	AI Ind. Prod.							
290 318	AI Ind. Prod.							
290 319	AI Ind. Prod.							
290 320	AI Ind. Prod.							
290 321	AI Ind. Prod.							
290 322	AI Ind. Prod.							
290 323	AI Ind. Prod.							
290 324	AI Ind. Prod.							
290 325	AI Ind. Prod.							
290 326	AI Ind. Prod.							
290 327	AI Ind. Prod.							
290 328	AI Ind. Prod.							
290 329	AI Ind. Prod.							
290 330	AI Ind. Prod.							
290 331	AI Ind. Prod.							
290 332	AI Ind. Prod.							
290 333	AI Ind. Prod.							
290 334	AI Ind. Prod.							
290 335	AI Ind. Prod.							
290 336	AI Ind. Prod.							
290 337	AI Ind. Prod.							
290 338	AI Ind. Prod.							
290 339	AI Ind. Prod.							
290 340	AI Ind. Prod.							

## CHEMICALS, PLASTICS—Cont.

Stock	Price	% Chg	High	Low	Open	Close	Div	Yield
290 341	Brit. Tel. Ind.							
290 342	Brit. Tel. Ind.							
290 343	Brit. Tel. Ind.							
290 344	Brit. Tel. Ind.							
290 345	Brit. Tel. Ind.							
290 346	Brit. Tel. Ind.							
290 347	Brit. Tel. Ind.							
290 348	Brit. Tel. Ind.							
290 349	Brit. Tel. Ind.							
290 350	Brit. Tel. Ind.							
290 351								



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and other financial metrics.

LEISURE

Table of leisure-related stocks such as British Airways, British Petroleum, and various manufacturing firms.

PROPERTY—Continued

Table of property-related stocks including various real estate and construction companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British Airways, British Petroleum, and various manufacturing firms.

OIL AND GAS—Continued

Table of oil and gas stocks including various energy and resource companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various automotive and aerospace companies.

SHIPPING

Table of shipping stocks including various maritime and logistics companies.

SHOES AND LEATHER

Table of shoes and leather goods stocks including various retail and manufacturing companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks including various media companies.

PAPER PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including various media and service companies.

PROPERTY

Table of property-related stocks including various real estate and construction companies.

TOBACCO

Table of tobacco stocks including various tobacco and related companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial and real estate companies.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including various financial and real estate companies.

OIL AND GAS

Table of oil and gas stocks including various energy and resource companies.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal and resource companies.

SANYO INTERNATIONAL LTD. advertisement with contact information for London and Tokyo offices.

MINES—Continued advertisement listing various mining companies and their stock prices.

OVERSEAS TRADERS advertisement listing international trading companies and their services.

TEAS advertisement listing tea companies and their products.

INDIA AND BANGLADESH advertisement listing companies and services related to these regions.

SRILANKA advertisement listing companies and services related to Sri Lanka.

MINES advertisement listing various mining companies and their stock prices.

REGIONAL MARKETS advertisement listing regional stock markets and their performance.

OPTIONS advertisement listing options trading information and market data.

RECENT ISSUES AND RIGHTS advertisement listing recent stock issues and rights offerings.

DIAMOND AND PLATINUM advertisement listing diamond and platinum trading information.

RECENT ISSUES AND RIGHTS advertisement listing recent stock issues and rights offerings.



RUSH + TOMPKINS

Property Development Industrial & Commercial Construction Civil Engineering 01 300 3388

FINANCIAL TIMES

Thursday February 25 1982

HERBERT Machine Tool Technology - British and Best.

Reactor produces oil from garbage

By Nick Garnett, Northern Correspondent

HIGH QUALITY crude oil is being produced from Manchester's refuse in a pilot plant which designers claim is a major breakthrough in making synthetic fuel.

The reactor, designed by the University of Manchester Institute of Science and Technology, transforms garbage into oil at the rate of 10 tonnes of refuse to 26 barrels of oil (a barrel of oil weighs 0.136 tonnes).

The process is believed to take only five to 10 minutes effectively doing the work that has taken nature 150m years.

Detailed cost analysis by the University and Greater Manchester Metropolitan Council, which has contributed £500,000 to the research—partly channelled through Salford University Industrial Centre—indicates that the reactor could be produced commercially at a cost of \$15 a barrel. This includes the estimated £20m to build a full conversion plant.

The council is expected soon to look for companies to build an operational refuse-to-oil conversion plant. It is also preparing to alter one of its refuse handling plants so it can provide the University of Manchester Institute's reactor with more suitable feedstock.

Patents have been filed by the inventors—Dr Noel McAniff and Mr Roger Benn, an institute lecturer—through the Salford University Industrial Centre and assigned to Greater Manchester. The team believes 3 per cent of UK energy needs can be derived from refuse.

The University of Manchester Institute of Science and Technology is, however, involved in a longer-term project for using solar energy to convert plant life straight into fuel. It has already converted grass directly into oil. Dr McAniff said this was "UK-based technology which could have a global impact."

The oil produced by the reactor has a calorific value of about 40,000 megajoules a tonne—equivalent to good quality Middle Eastern crude. It contains no sulphur and no nitrogen, so by oil standards it is virtually non-polluting. The principal byproducts are water and carbon dioxide, which is simply being recycled and can be released safely into the air.

The reactor uses heat, pressure, metallic catalyst, and a processing liquid to convert cellulose refuse—paper, cardboard, vegetable materials—as well as small elements of noncellulosic matter.

Reagan unveils plan for Caribbean trade and aid

By REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday formally launched his long-awaited aid, trade and investment plan for the countries of the Caribbean Basin, intended to "check the spread of Communist and left-wing subversion."

The centrepiece, he said, was a "one-way free trade system" under which duty-free entry to the U.S. would be guaranteed for 12 years to all the exports of the 20 or more countries involved, except for textiles and clothing. Mr Reagan was addressing the Organisation of American States, in Washington.

The programme, which must be approved by Congress, also calls for an increase of \$350m in economic assistance in the 1982 budget year, bringing the total to \$624m, and tax incentives to promote private U.S. investment in the area.

A proposed \$60m increase in military assistance would bring total 1982 U.S. military aid to the region to \$172m, maintaining Mr Reagan's target of an approximate ratio of five to one between economic and military aid.

Officials said possibly \$100m or more of the \$350m extra

economic aid would go to El Salvador, Costa Rica and Jamaica. Costa Rica and Jamaica would also be major recipients.

Mr Reagan did not, however, announce any action against Cuba or Nicaragua, and concentrated on the economic details of his programme. This he described as an unprecedented U.S. commitment to the region.

Anticipating domestic opposition to his free trade plan Mr Reagan stressed that safeguards would be available against "disruptive" imports and promised new markets for U.S. exports as the Caribbean economy developed.

He said about 87 per cent of the area's exports already enter the U.S. duty-free under the Generalised System of Preferences (GSP). U.S. officials, however, stressed the value of the 12-year duty-free guarantee to investors and said the plan was intended to encourage diversification into new export areas.

Although textiles would continue to be covered by the existing GATT Multi-Fibre Arrangement (MFA), officials said the Government intended to allow more favourable access

for Caribbean products on a case-by-case basis. Duty-free sugar exports from principal producers would be limited to 110 per cent of their historical levels.

Mr Reagan made clear that while "we seek to exclude no one" only those countries with favourable attitudes to democracy and private enterprise would benefit from the programme. Cuba did not figure on a White House list of potential participants although Nicaragua did.

Mr Reagan stressed that the Caribbean basin, which includes countries in Central America and northern South America, was a vital strategic and commercial artery for the U.S. Nearly half U.S. trade, two-thirds of its imported oil and more than half of its imported strategic minerals passed through the Panama Canal or the Gulf of Mexico.

He mentioned Colombia as another potential source of aid and said Washington would encourage its European, Japanese and other Asian allies, as well as multi-lateral development institutions, to increase aid to the region. Stocks deliver setback to Jamaican economy, Page 6

Nuclear action at Stock Exchange

By Barry Riley

STRONG EMISSIONS of radioactive material are expected to be detected on the floor of the Stock Exchange this morning, as eager new-issue speculators, or stags, take their profits on Amersham International.

Dealers were considering whether to celebrate the occasion by wearing special radioactive chemical "Noddy" suits but have apparently decided against it. "It's going to be incredibly hot," said one jobber last night.

About 65,000 applicants have been successful in obtaining shares in Amersham, the radioactive chemicals company floated off by the Government last week. In all £1.75bn was put up for shares valued at £71m.

Big institutional investors were scaled down to 31 per cent of the amount applied for, raising hopes among the speculative community that his funds would be heavily in the market this morning as they sought to build up their holdings to worthwhile levels. Some guess that the shares will open at 170p compared with the issue price of 142p, but a more popular estimate last night was 180p.

At 9.30 this morning the three firms of jobbers leading in the shares will come out of a huddle with representatives of the "shop"—the company's brokers Cazenove—and the initial price will be set.

It is expected that by nightfall far fewer than 65,000 shareholders will remain. The huge speculation in Amersham has led to major shortages in the money markets and to heavy criticism by the Opposition in Parliament.

About 70,000 official prospectuses were printed, and nearly 200,000 applications made on forms cut from newspapers.

But despite the political fallout, the flood of money has brought a bonus for the Exchange, which gains interest on money temporarily held before payment to unlucky applicants. This is said to have raised the effective proceeds for the Government to more like 150p a share.

Experienced new issue stags were contacting their banks yesterday to find out whether their cheques had been cashed, a sure sign of success in the ballot.

THE LEX COLUMN The strains show at Hoover

Even after setting aside £17.2m in 1981 for rationalisation, Hoover still has overcapacity in the UK. Exceptionals have swollen the pre-tax loss last year to £31m, compared with the £1.4m loss in 1980, while the underlying trading loss in the UK company adds up to £12.5m, against a profit of £2.4m in the previous year.

The trading trend has continued to move the wrong way, with the bulk of the UK loss—some £10m—coming in the second half. This year the group will operate with reduced overheads, unchanged wage rates and slightly higher prices. So far, at least, a 4 per cent price rise has been sticking. New ranges of both washing machines and vacuum cleaners are also being launched. Yet while demand remains depressed productivity improvements are undermined by short-time working, and there is little sign of slackening in import competition.

At the same time the burden of interest payable has been rising steadily, in line with the increase in net debt from £15m to perhaps £24m. Net debt now represents about 40 per cent of shareholders' funds, and has been kept in check mainly through a 59m reduction in stocks. The group may not be much above breakeven this year, so the room for manoeuvre is limited if it is to remain capable of financing an upturn with any comfort. The "A" shares fell 2p yesterday to 90p, leaving a market capitalisation of just £18m.

At the current price, the enlarged market capitalisation will be around £43m, which compares with net worth of around £16m and annual profits of under £3m pre-tax. The profits record of the merged companies is not too inspiring. But Ansbacher evidently wants to conquer the world, and with paper valued like that, it might just succeed.

At this crucial stage, Croda has now come up with a profit forecast of about £16m pre-tax for 1982, three-fifths more than the estimated outcome last year. This is rather better than analysts had been expecting, and goes part of the way towards justifying the big dividend boost already promised for this year. It also helps to underpin the current share price of 32p, where the prospective yield is 12.2 per cent and the market capitalisation £22m.

Burmah is hoping for a gloomy statement about the chemical industry from ICI this morning; that could make a noticeable difference to the final price. Croda has to pray that its institutional shareholders will sit on their hands if (when?) their telephones start to ring tomorrow morning.

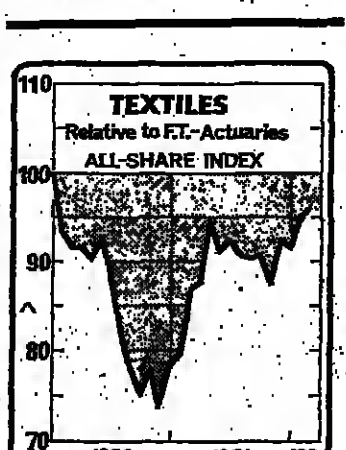
Carrington Viyella Carrington Viyella cut its pre-tax losses almost in half last year and the UK interests are pointing in roughly the right direction. The final quarter showed a trading profit of £1.7m. There is now some prospect of break-even at the pre-tax level this year, after a 1981 loss of £4.4m.

So Carrington's balance sheet allows it very little margin for error. Reserves are still falling at a faster rate than working capital, and net debt represents three quarters of shareholders' funds. The revenue account is so heavily loaded with debts that there is no immediate likelihood of stemming the flow from reserves.

Carrington's first priority must be to reduce its debt load. Net borrowings fell £5m last year, precisely equivalent to the proceeds of selling off half its South African subsidiary. Net working capital dropped by a quarter, but this was largely thanks to industrial surgery costing £10.7m. The only immediate way out of the dilemma seems to be the sale of assets.

Carrington's treatment of two 50 per cent owned companies slightly confuses the underlying trend. Its new warp knitting venture, on which the return on capital is negligible, is in an associate, while its highly profitable South African company (which accounts for all of the tax charge) is consolidated. Carrington is making big strides on the reduction of fixed costs. But the market capitalisation of £22.7m at yesterday's share price of 12½—half par value—gives some idea of the distance still to be travelled.

fell 6.4 to 552.6



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Hong Kong scraps withholding tax on foreign currency deposits

By KEVIN RAFFERTY IN HONG KONG

WITHHOLDING taxes on all foreign currency deposits in Hong Kong will be scrapped from today, Mr John Bremridge, the Financial Secretary, said in his Budget speech yesterday.

He said the tax on interest had been scrapped because of fears that it was driving potential investors to other financial centres, most likely Singapore.

The move had come "after long internal debate and much heart searching." He also announced a cut in taxation of interest on Hong Kong dollar deposits from 15 per cent to 10 per cent. "The Hong Kong Government considers that the continuing growth of Hong Kong as an international financial centre is worthy of encouragement."

He also increased personal tax allowances, offered concessions on estate duties, and raised the depreciation allowance for spending on new plant and equipment from 35 to 55 per cent.

In spite of the tax concessions, which Mr Bremridge estimated would cut revenues by

HK\$1.37bn over the fiscal year, he forecast a budget surplus of HK\$2.3bn. There would also be a surplus of about HK\$2.6bn from the newly created capital works reserve fund. Falling revenue from land sales had forced the Hong Kong Government to revise the budget surplus for the current year from HK\$7.9bn to HK\$7.7bn.

The Hong Kong Government is expecting economic growth to slow to 8 per cent in 1982 from 10 per cent last year. Inflation, Mr Bremridge predicted, would slow to 12 per cent from 15 per cent last year.

Hong Kong's business community greeted the Financial Secretary's first budget enthusiastically. The removal of the withholding tax on foreign currency deposits has been strongly resented for some time by the authorities for fear of losing revenue.

Mr Bremridge said yesterday that the banks had argued that the fiscal consequences of the repeal could be afforded and would be offset by higher yields on profit taxes, and from in-

creased business for banks and other financial institutions. He estimated the repeal of the foreign currency withholding tax and the cut affecting local currency deposits would reduce revenues by about HK\$400m.

Mr Paul Myers of Rothschild said: "The tax has acted as a disincentive to deposit gathering in Hong Kong because there was no clear legal opinion on the tax. As a result, Singapore developed as a funding centre at the expense of Hong Kong. Now there will no longer be any problem about Hong Kong's strong emergence as a funding centre."

Mr Bremridge promised prudence in public spending and talked of the "imperative need to control its universally prolific and weed-like growth." He expressed determination to ensure Hong Kong's competitive environment. "A policy directed towards the survival of the fittest may seem harsh and unfeeling but it has been shown to be appropriate in the particular circumstances of Hong Kong."

Henry Ansbacher to expand

By WILLIAM HALL, BANKING CORRESPONDENT

TOUCHE REMNANT, one of the City's biggest investment management groups, will take a 20 per cent stake in Henry Ansbacher as part of a move to expand the small merchant bank into a trade orientated financial services group.

It will pay £5m for 50m Ansbacher shares and £950,000 for the bank's investment management business. Ansbacher will acquire Seascop's Holdings, a ship and insurance broking operation. It will help finance the Seascop acquisition with a nine for ten rights issue at 10p a share to raise £8.6m. It will pay

£5.7m in cash and issue 60m shares which will give Seascop's shareholders about 24 per cent of the enlarged group. The rights issue will result in the issue of 88.5m new shares and a restitute of the holdings of the major shareholders.

The Lissauer Group, a metal and commodity trader, will take up some of its rights issue but its overall stake in Ansbacher will fall from 49 per cent to 21.6 per cent. The stake of Sir Maxwell Joseph's Grand Metropolitan will fall from 18.7 per cent to 7.4 per cent. Grand Met acquired its stake in Ansbacher in the early 1970s. Lissauer

acquired its stake a few years later. The new group will have net tangible assets of £15.7m, attributable profits of about £2m and a staff of 260.

The Ansbacher share price closed 1p down at 17½p yesterday. Mr Charles Williams, managing director of Henry Ansbacher, will become chief executive of the new group. Mr D. H. Leroy Lewis, deputy chairman of Touche Remnant, will become chairman. Five members of the Seascop board will join Ansbacher's board.

Building society Continued from Page 1

duce 250,000 Leicester cards. Citibank and other participants such as the RAC, Prudential Assurance and Marley Homecare will bear the cost of much of the promotion.

Leicester is planning to spend more than £1m on advertising between May and July. It claims that more than half of its 1m investment account members would qualify for a card immediately and a further 250,000

could "easily trade up." Andrew Taylor writes: Abbey National building society said yesterday that it was working on a scheme to provide investors with cheque book facilities.

Mr Clive Thornton, chief general manager, said that an agreement for clearing Abbey cheques had been reached with a clearing bank. He supported the Leicester's move, but other society chiefs

were more cautious. Mr Stanley Walker, chief general manager of the Leeds Permanent, said that the cost of providing the facilities would prove prohibitive. He doubted whether many societies would follow suit.

Halifax Building Society, the country's largest, already offers its savers a cheque book facility but this is run as a separate facility to the building society operation.

Air fares

Although crude oil prices have been falling recently the airlines still face fuel price rises which have been in the pipeline for some time. Iata reckons the world airline industry's net revenues run at about \$1bn higher previously announced fuel price rises. This is due to the time lag involved in airlines and governments agreeing fares increases to compensate for rising fuel costs.

The planned fare rises are not seen as having any connection with the demise of Laker Airways. Laker, although not an Iata member, and therefore not a party to the Miami talks, had agreed at the time to recommend increases in fares. It had been expected to implement higher fares this spring.

The planned fare rises cover routes between the U.S. and the UK, Ireland, West Germany, Belgium, Holland, Portugal and Switzerland.

Talks are under way in Geneva to settle fare rises between the U.S. and other European countries, including France, Italy, Spain and the Scandinavian countries. These discussions may end this week, with agreement on comparable rises to those now being implemented.

Trade unions in 'Workers' Bank' project

By JOHN LLOYD, LABOUR EDITOR

A GROUP of trade unions, in association with the Co-operative Bank, plans to set up a deposit-taking and lending institution later this year as the first step in the establishment of a fully fledged "Workers' Bank."

A meeting yesterday of union treasurers and Co-operative Bank officials under the chairmanship of Mr David Barnett, general secretary of the General and Municipal Workers' Union, agreed to contribute equally to an initial capitalisation of £2.5m.

The board of directors will be equally composed of Co-op Bank

and union officials. City offices have been arranged, though it is likely that regional branches of the new institution will initially use the bank's premises.

Other unions besides the GMWU which will participate in the venture include the Transport and General Workers, the Amalgamated Union of Engineering Workers, the National Union of Public Employees, and the Association of Scientific, Technical and Managerial Staffs.

Some of their general secretaries will be directors of the institution.

Under the terms of the 1979 Banking Act the venture must initially confine its activities to taking deposits and lending funds. It will take deposits from and lend to unions, but its founders are anxious to extend its scope to other bodies.

The project, largely the initiative of Mr Barnett, is expected to start modestly, but has the ambition of building up to the commanding positions held by the West German trade union bank, the Bank für Gemeinwirtschaft, and the Israeli equivalent, the Bank Hapoalim.

Mr Lewis Lee, the Co-op

Bank's chief general manager, said yesterday: "We are not worried about competition from the new bank. There is a big market place out there and we look forward to tackling it together."

Once it acquires full bank status the venture will direct its attention to the nearly 50 per cent of the population which is "unbanked"—largely manual and low-paid clerical workers.

It has no name yet, but most of those involved in its creation believe that "Workers" should feature in the title.

Weather

UK TODAY OUTBREAKS of sleet or snow in southeast, showers elsewhere.

London, S.E. England Sleet or snow drying out later. Max. 4C (39F).

E. and S.W. England Outbreaks of rain drying out. Max. 6C (43F).

Midlands, Wales Rain at first, becoming brighter. Max. 7C (45F).

S.W. England, N. Ireland, N.W. Scotland Showers, heavy at times. Max. 6C (43F).

Rest of Scotland Showers, wintry on hills, sunny intervals. Max. 6C (43F).

Outlook Changeable. Rain, but also sunny intervals.

WORLDWIDE

Table with columns for location, temperature, and weather conditions. Locations include Ajaccio, Algiers, Athens, Bahrain, Beirut, Belfast, Belgrade, Berlin, Birmingham, Bonn, Boston, Brno, Bucharest, Cardiff, Caracas, Chicago, Cologne, Copenhagen, Curitiba, Darwin, Dublin, Edinburgh, Frankfurt, Geneva, Gibraltar, Glasgow, Harbin, Helsinki, Hong Kong, Houston, Inverness, Johannesburg, London, Lyons, Madrid, Manila, Mexico City, Moscow, Munich, New York, Nicosia, Oporto, Oslo, Paris, Perth, Rome, Seoul, Singapore, Stockholm, Taipei, Tokyo, Toronto, Vancouver, Warsaw, Wellington, Zurich.

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